BEST'S Insurance News

FIRE & CASUALTY EDITION

VOLUME 51, NO. 3 JULY, 1950

CASUALTY UNDERWRITING RESULTS

Enthusiasm Pays Off . . . . . Frank Bettger

Money Coverage for the Merchant . . . . Robert D. Hodson

The Term Rule . . . . . Thomas C. Morrill

State Regulation Strengthened . . . . . U. S. Supreme Court

Who Says We Don't Try? . . . . . W. deV. Washburn

Atomic Energy and Insurance—Part III . . . S. C. Rothmann

Don't Forget the Little Woman . . . . . News and Views

Go Professional . . . . . Dan Johnson

The Judge Says . . . . . Thomas E. Lipscomb

C.P.C.U. Questions and Answers . . . . . American Institute

Insurance Stock Quotations—Best's Stock Index—Company Developments—Fire Losses—Legal Spotlight—A. & H. Developments—Quiz of the Month—Safety and Fire Control—Office Methods and Equipment—Sales Slants—Selling Tips—Home Office and Field Appointments — Report on Companies — Conventions Ahead

ALFRED M. BEST COMPANY INC. SERVICE NEW YORK

FIFTY CENTS

THE NATIONAL MAGAZINE OF INSURANCE

"AUTOMOBILES WILL NEVER BE PRACTICAL!"

Some people find it hard to accept a new idea.

Thousands scoffed at the early telephones and horseless carriages and airplanes. Where was the need for such "contraptions"?

Others could see in these inventions the answers to public needs and with courage and faith made fortunes from them.

The big new idea in property and casualty insurance is the Multiple Line Policy. North America has been a leader in advocating legislation throughout the country to make multiple line insurance possible. All but eight states have adopted such legislation.

A few Agents may sit back and say, "It isn't practical."

But most Agents see it as the logical answer to the needs of the public. They will get behind it . . . and push it . . . and profit.

1792 PROTECT WHAT YOU HAVE

INSURANCE COMPANY OF

NORTH AMERICA

COMPANIES, *Philadelphia*

Insurance Company of North America, founded 1792 in Independence Hall, is the oldest American stock fire and marine insurance company. It heads the "North America" Companies which meet the public demand for practically all types of Fire, Marine, Automobile, Accident, Aviation and Liability insurance; Fidelity and Surety Bonds. Sold only through Agents or Brokers.

Insurance Company of North America
Indemnity Insurance Company of North America
Philadelphia Fire and Marine Insurance Company

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and
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GARAGE AND PARKING FACILITIES

HOTEL FORT SHELBY
DETROIT
J. E. FRAWLEY, GENERAL MANAGER

INSURANCE STOCKS

Closing Bid Prices

Furnished through the courtesy of The First Boston Corporation

	High	Low	June 30, 1950
Aetna Casualty & Surety Company	96	92½	95
Aetna Insurance Company	66½	54	54
Aetna Life Insurance Company	82	59½	—
Aetna Life Insurance Company (New)	66½	55	55
Agricultural Insurance Company	75	69	69
American Alliance Insurance Company	27	23½	24½
American Automobile Insurance Company	55	43	43
American Casualty Company	18½	14½	16⅛
American Equitable Assurance Company	26½	23	23
American Insurance Company	22⅝	18¾	19¼
American Re-Insurance Company	34¼	27½	27½
American Surety Company	65	57½	57½
Automobile Insurance Company	62¼	48	59
Bankers & Shippers Insurance Company	110	100	104
Boston Insurance Company	65½	57	57
Camden Fire Insurance Association	23⅞	21⅝	21⅞
Connecticut General Life Insurance Co.	80	64	74
Continental Casualty Company	75½	64	—
Continental Casualty Company (New)	55½	54	54
Continental Insurance Company	78¾	55½	59⅛
Eagle Fire Insurance Company	2	1½	1⅞
Employers Group Associates	39¾	35¼	36
Employers Reinsurance Company	63	60	60
Excess Insurance Company of America	8¼	7½	8
Federal Insurance Company	71½	64	64
Fidelity & Deposit Company of Maryland	66½	59	59
Fidelity-Phenix Insurance Company	82⅝	57	59
Fire Association of Philadelphia	74¾	59½	59
Fireman's Fund Insurance Company	94½	86	86
Firemen's Insurance Company (Newark)	23¼	20⅛	20½
General Reinsurance Corporation	31¾	26½	26½
Glens Falls Insurance Company	53¾	47	47¼
Globe & Republic Insurance Company	13⅞	12	12½
Globe & Rutgers Insurance Co. (New)	19⅝	13¾	15
Great American Insurance Company	32¼	28½	28½
Hanover Fire Insurance Company	37½	31½	31½
Hartford Fire Insurance Company	124½	113½	121
Hartford Steam Boiler Inspec. & Ins. Co.	38½	32¼	32¼
Home Insurance Company	38	33¾	33¾
Insurance Company of North America	115	103½	110
Jersey Insurance Company of New York	55½	50	50
Kansas City Fire & Marine Insurance Co.	23¼	21	21
Lincoln National Life Ins. Company	116½	83	116
Maryland Casualty Company	21	17¼	17¼
Maryland Casualty Conv. Pfd.	26⅛	22⅝	22¾
Massachusetts Bonding & Insurance Co.	32½	28¼	28½
Merchants Fire Assurance Corporation	33¼	27½	27½
Merchants & Mfrs. Fire Insurance Co.	8⅞	8	8
Monumental Life Insurance Company	38⅝	37½	38
National Casualty Company	34	29	30
National Fire Insurance Company	63¼	58	58½
National Union Fire Insurance Company	39⅛	32¼	32½
New Amsterdam Casualty Company	42	33½	33
New Hampshire Fire Insurance Company	48½	42	42
New York Fire Insurance Company	20½	18	18
Northern Insurance Company	130	112	129
Northern Insurance Company (New)	50	43½	44
North River Insurance Company	27⅞	24¼	24¼
Northeastern Insurance Co. of Hartford	7⅞	7	7½
Northwestern National Insurance Co.	175	158	—
Northwestern National Ins. Co. (New)	45½	43½	43½
Ohio Casualty Insurance Company (The)	59½	53½	59½
Pacific Fire Insurance Company	142	129	135
Pacific Indemnity Company	65½	60½	62
Peerless Casualty Company	17¼	15	15
Phoenix Insurance Company	106½	99	—
Phoenix Insurance Company (New)	83½	70	71
Preferred Accident Insurance Company	5⅞	3⅞	3⅞
Providence Washington Insurance Co.	37	31½	31
Reinsurance Corporation of New York	7⅞	6⅞	7¼
Republic Insurance Company—Texas	34	31	31
St. Paul Fire & Marine Insurance Co.	104	95	99
Seaboard Surety Company	60	53	59¼
Security Insurance Company (New Haven)	38¼	31½	31½
Springfield Fire & Marine Insurance Co.	48½	42¼	42¼
Standard Accident Insurance Company	40½	34½	34½
Travelers Insurance Company	485	410	432
U. S. Fidelity & Guaranty Company	62½	47	47
U. S. Fire Insurance Company	69	61½	68½
U. S. Guarantee Company	84½	78	78½
Westchester Fire Insurance Company	23	20¼	20¼

Best's Insurance News

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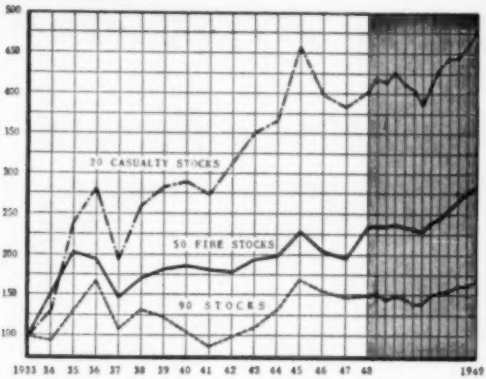
BEST'S STOCK INDEX



* Based on Standard & Poor's daily stock price indexes of 50 industrial, 20 railroad and 20 public utility stocks combined.

	CASUALTY			FIRE		
	1948	1949	1950	1948	1949	1950
Jan. 31.....	390.1	420.2	479.0	201.4	237.3	279.3
Feb. 28.....	371.0	414.7	496.8	195.4	237.6	286.6
Mar. 31.....	388.6	427.1	486.9	206.7	241.1	283.3
Apr. 30.....	393.6	413.9	478.1	213.4	234.5	273.8
May 31.....	410.5	405.9	492.8	227.3	232.1	282.9
June 30.....	400.4	387.6	445.0	215.1	227.4	273.4
July 31.....	388.4	413.1		203.8	239.2	
Aug. 31.....	388.4	432.7		206.2	245.8	
Sept. 30.....	375.6	443.4		212.5	258.9	
Oct. 31.....	410.1	445.5		232.2	266.8	
Nov. 30.....	384.6	458.2		223.3	275.9	
Dec. 31.....	403.2	478.1		236.3	285.7	

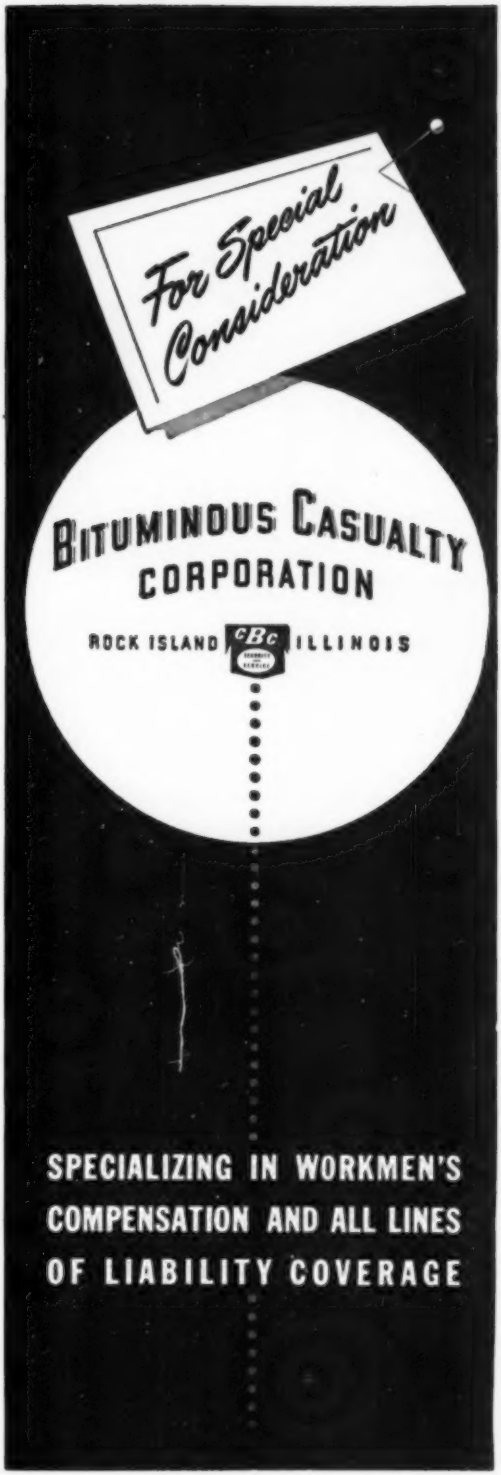
THE bid prices for casualty insurance company shares sagged materially during the last week in June. Fire shares also registered a downward trend but the reaction was modest in the light of adverse market developments created by disturbing news from Korea. The decline in fire stocks brought our index back to 273.4 which cancelled out the gain in May while our casualty index dropped to 445.04 which wiped out gains recorded during the preceding seven months.

Fire Stocks

The shares of three fire insurance companies, Aetna, Hanover and Security of New Haven, led the field on the downside with losses within a range of ten and eleven per cent. Other companies which registered losses nearly as great were American of Newark, Glens Falls and Phoenix. Four issues, Hartford, North America, St. Paul and United States Fire moved forward from one to six per cent in contrast with an average decrease of nearly three and one-half per cent.

Casualty Stocks

All casualty shares reacted. Decreases ranged from four to fifteen per cent. The average loss was nearly ten per cent. The poorest showings were recorded by Maryland, off three points to 17¾; New Amsterdam, down 6½ points to 33½ and U. S. F. & G., off 8¼ points to 46.



Give Professional Men

Professional Protection

Advises Harry Hazard

1. Your building and valuable contents are always threatened by fire.
2. Don't wait until the wind blows your way, insure against it.
3. A professional man is helpless without his tools. Are yours insured?
4. You may be held liable for incidents like this on your premises.
5. Improvements and betterments should be insured.
6. Who would pay for temporary quarters if you were burned out?
7. Don't try to needle a crook. What you need is insurance.
8. You may be sued for damages to persons or property caused by your car.

This month HARRY HAZARD presents another forceful direct mail piece on the proper protection for professional risks.

This issue of *THE AMERICAN PROTECTOR* (excerpts on right) portrays quickly and clearly some of the dangers which threaten a professional man.

Once again, using HARRY HAZARD, their new Sales Symbol, American Agents seek to sell Accounts of Insurance . . . not individual policies.

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Bankers Indemnity Insurance Co. — The Jersey Fire Underwriters

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BEST'S Insurance News

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AND THE

WASHINGTON FIRE & MARINE
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COMPANY DEVELOPMENTS

A SUMMARY of the insurance company developments throughout the United States and Canada in recent months appears hereafter. This summary includes notices of examinations conducted, and also new, licensed and retired companies.

ALABAMA — Admitted
Canal Insurance Co. ..... Greenville, S. C.
Central National Ins. Co. ..... Omaha, Neb.
Southeastern Fidelity Fire Ins. Co. ..... Atlanta, Ga.
Truck Insurance Exchange ..... Los Angeles, Cal.
Washington Fire and Marine Ins. Co. ..... St. Louis, Mo.

ARIZONA — Admitted
Indemnity Marine Assurance Co., Ltd. ..... London, Eng.
Provident Life and Accident Ins. Co. ..... Chattanooga, Tenn.
Standard Life & Accident Ins. Co. ..... Oklahoma City, Okla.

ARKANSAS — Admitted
Standard Life & Accident Ins. Co. ..... Oklahoma City, Okla.
Tri-State Fire Ins. Co. ..... Tulsa, Okla.

COLORADO — Licensed
Centennial Casualty Co. ..... Denver, Colo.

Admitted
Cimarron Casualty Co., Ins. ..... Cimarron, Kan.
Pacific Indemnity Co. ..... Los Angeles, Cal.
Standard Casualty Co. ..... Lincoln, Neb.
Transport Indemnity Co. ..... Los Angeles, Cal.

Examined
Commercial Mutual Ins. Co. ..... Greeley, Colo.
Mutual Reserve Ins. Co. ..... Fort Collins, Colo.
Old Line Mutual Ins. Co. ..... Denver, Colo.
Producers Protective Assn. ..... Denver, Colo.
Weld County Farmers Protective Assn. ..... Greeley, Colo.

CONNECTICUT — Admitted
Hardware Indemnity Ins. Co. of Minn. .. Minneapolis, Minn.
North American Casualty and Surety Reins. Corp., New York, N. Y.

Withdrew
Central Surety Fire Corp. ..... Kansas City, Mo.
Western National Ind. Co. ..... San Francisco, Cal.

DELAWARE — Admitted
Boston Manufacturers Mutual Fire Ins. Co. .. Boston, Mass.
Emmco Insurance Co. ..... South Bend, Ind.
Philadelphia Manufacturers Mutual Fire Ins. Co., Philadelphia, Pa.
Vigilant Insurance Co. ..... New York, N. Y.

GEORGIA — Admitted
Reserve Insurance Co. ..... Chicago, Ill.

IDAHO — Examined
Idaho Compensation Co. ..... Coeur d'Alene, Idaho

ILLINOIS — Admitted
Affiliated F M Ins. Co. ..... Providence, R. I.
Hearthstone Ins. Co. ..... Boston, Mass.

Withdrew
Manufacturers Fire Ins. Co. ..... Philadelphia, Pa.

INDIANA — Admitted
Exchange Insurance Assn. ..... Chicago, Ill.
Pacific Indemnity Co. ..... Los Angeles, Cal.

IOWA — Admitted
Universal Surety Co. ..... Lincoln, Neb.

KANSAS — Admitted
Allied American Mutual Fire Ins. Co. ..... Boston, Mass.
American Fidelity Fire Ins. Co. ..... New York, N. Y.
Guarantee Company of North America ..... Montreal, Que.
Halifax Insurance Co. ..... Halifax, N. S.
Implement Dealers Mutual Ins. Co. ..... Grand Forks, N. D.

KENTUCKY — Admitted
Bankers Fire and Marine Ins. Co. ..... Birmingham, Ala.
Vernon Casualty and Reinsurance Co. ..... Indianapolis, Ind.

LOUISIANA — Admitted
Connecticut Indemnity Co. ..... New Haven, Conn.
Fire & Casualty Ins. Co. of Conn. ..... Hartford, Conn.
Pan American Casualty Co. ..... Houston, Texas
Penn-Liberty Ins. Co. ..... Philadelphia, Pa.
United National Indemnity Co. ..... New York, N. Y.

MARYLAND — Admitted
All-American Ins. Co. ..... Washington, D. C.
American National Fire Ins. Co. ..... New York, N. Y.
Examined
American Health Ins. Corp. ..... Baltimore, Md.
Mutual Fire Ins. Co. of Kent Co. ..... Chestertown, Md.

MICHIGAN — Admitted
Pennsylvania Life, Health & Accident Co. .. Philadelphia, Pa.

MINNESOTA — Withdrew
Western National Indemnity Co. ..... San Francisco, Cal.

MISSOURI — Examined
Automotive Mutual Ins. Co. ..... St. Louis, Mo.
Co-operative Casualty Co. ..... Kansas City, Mo.
Mid-West Mutual Casualty Co. ..... Clayton, Mo.
Safety Mutual Casualty Corp. ..... St. Louis, Mo.

NEVADA — Admitted
American Title and Ins. Co. ..... Miami, Fla.
Provident Life and Acc. Ins. Co. ..... Chattanooga, Tenn.

NEW JERSEY — Admitted
Truck Insurance Exchange ..... Los Angeles, Cal.
Withdrew
Hamilton Fire Ins. Co. ..... New York, N. Y.
Rhode Island Ins. Co. ..... Providence, R. I.
Wm. Penn Fire Ins. Co. ..... Philadelphia, Pa.
Liquidating
Burlington Ins. Co. ..... Hackettstown, N. J.
Hackettstown Mutual Fire Ins. Co. .... Hackettstown, N. J.

NEW MEXICO — Admitted
Standard Casualty Co. ..... Lincoln, Neb.
Standard Reliance Ins. Co. ..... Lincoln, Neb.
Examined
Lloyds of New Mexico ..... Las Vegas, N. M.
Mountain States Mutual Casualty Co. .. Albuquerque, N. M.

NEW YORK — Admitted
Affiliated F M Ins. Co. ..... Providence, R. I.
Examined
American Fidelity Fire Ins. Co. ..... New York, N. Y.
Atlantic Mutual Ins. Co. ..... New York, N. Y.
Canton Co-operative Fire Ins. Co. ..... Canton, N. Y.
Monroe County Patrons' Fire Relief Assn., Rochester, N. Y.
New York Fire and Marine Underwriters, New York, N. Y.

NORTH DAKOTA — Admitted
Pacific Indemnity Co. ..... Los Angeles, Cal.
Resolute Insurance Co. ..... Providence, R. I.
Universal Underwriters Ins. Co. ..... Kansas City, Mo.

OHIO — Admitted
Balboa Ins. Co. ..... Los Angeles, Cal.
Examined
Druggists Mutual Ins. Co. ..... Mansfield, Ohio
U. S. Mutual Benefit Assn. ..... Cincinnati, Ohio

OREGON — Incorporated
Pacific States Fire and Indemnity Co. ..... Portland, Ore.

PENNSYLVANIA — Examined
Birmingham Fire Ins. Co. ..... Pittsburgh, Pa.
Conemaugh Valley Mutual Fire Ins. Co. .... Davidsville, Pa.
Dover Mutual Fire Ins. Co. ..... York, Pa.
Farmers and Mechanics Mutual Fire Ins. Co. of the County of Perry ..... Landisburg, Pa.
Farmers Fire Ins. Co. of Upper & Lower Saucon Townships, Bethlehem, Pa.
Mifflin County Mutual Fire Ins. Co. ..... Lewistown, Pa.
National Union Fire Ins. Co. ..... Pittsburgh, Pa.
National Union Indemnity Co. ..... Pittsburgh, Pa.

RHODE ISLAND — Admitted
Provident Life and Accident Ins. Co. .... Chattanooga, Tenn.
Merged
Anchor Ins. Co. ..... Providence, R. I.

SOUTH CAROLINA — Admitted
Affiliated F M Ins. Co. ..... Providence, R. I.

TENNESSEE — Admitted
Badger Mutual Ins. Co. ..... Milwaukee, Wis.
Beneficial Standard Life Ins. Co. ..... Los Angeles, Cal.
Pacific Indemnity Co. ..... Los Angeles, Cal.

UTAH — Admitted
Provident Life and Accident Ins. Co. .... Chattanooga, Tenn.

(Continued on page 12)

Show your client How to Avoid the hazards of Guessing on Coverage

● Safeguard your client's interests — stress the need of accurate appraisals to determine insurable values and avoid the dangers of guesses and short-cuts by recommending –

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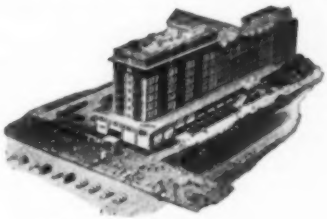
Over Fifty Years of Service
OFFICES IN PRINCIPAL CITIES



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RENOWNED FOR FINE FOOD

OPEN ALL YEAR
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Exclusive Penna. Ave. and Boardwalk

We call attention this month to the need for more insurance on household furnishings with this don herold ad in national magazines. This advertising coupled with tie-in promotional material helps America Fore agents SELL.

Throughout the year America Fore advertising appears in:

- THE SATURDAY EVENING POST
- LIFE
- NEWSWEEK
- TIME
- BETTER HOMES AND GARDENS
- SUCCESSFUL FARMING

JULY, 1950

*** Casualty carriers in 1949 wrote double the premium volume they wrote only five years ago. Moreover the business was conducted on a profitable basis. Of the nineteen classifications written by stock carriers only one was unprofitable whereas in 1948 four lines were in the red. Trends in the mutual field showed several important variations from the stock company experience. Our study of *Casualty Underwriting* on pages 14 and 15 covers both stock and mutual carriers.

*** A successful salesman needs many qualities; ability, knowledge, capacity and energy—to name a few. But above all he needs enthusiasm. That is by far the highest paid quality in the world, probably because it is one of the rarest. Yet enthusiasm can be developed just as can knowledge and capacity. On page 19 is given the method of development and the reasons why *Enthusiasm Pays Off*.

*** At the recent Chicago Insurance Day sponsored by the Chicago Board of Underwriters, attention was drawn to the fact that over the period 1945–1949 store and office burglaries increased nearly 50%, robberies increased 90% and arrests for embezzlements and fraud 138%. The answer, insurancewise, to the problem reflected by these figures is *Money Coverage for the Merchant*. The profitable sales opportunities awaiting an agent or broker in this field are described on page 22.

*** The discounts granted on the premium for fire insurance written for a term of longer than one year are more and more becoming the center of discussion. *The Term Rule* raises many practical problems, some of which are described in the article on page 25.

*** Almost three years ago the case of the Commonwealth of Virginia vs. the Travelers Health Association of Omaha was started to determine the application of the state's blue sky laws to an unlicensed corporation domiciled outside the state and operating within the state by means of the mails. The case was appealed to the United States Supreme Court where it was heard last November and reargued last April. On page 29 is the decision of the Court under the title, *State Regulation Strengthened*.

*** Proponents of state-controlled health insurance have maintained that private companies either cannot or will not meet the fast growing demand for adequate insurance of the cost of complete medical care. Just how far this contention is from the truth is proven by the examples of what private insurance companies have done in the past. Some of these cases are described in the article *Who Says We Don't Try?* on page 33.

*** In our last two issues we have published articles describing the nature of atomic energy and its present peacetime uses. In the third and concluding article of this series on *Atomic Energy and Insurance*, the author tells on page 37 of the specific casualty coverages which will be involved and the loss preventive measures which will have to be undertaken.

*** Men behave in strange fashion while they are attending a convention. At least the men in the hardware industry described on page 39 do. Of course, insurance men at conventions act with much more decorum. As a reflection of how other men act, then, you may be interested in reading *Don't Forget the Little Woman*.

*** Insurance is a complicated business involving technical contracts and rating schedules. It requires a high brand of salesmanship plus merchandising skill and a knowledge of the business which no matter how broad can never be considered complete. There is, however, one sure method for an agent to climb high on the insurance ladder. That method is to *Go Professional* as outlined on page 43.

*** A lively topic of discussion today is the use of deductibles in writing fire insurance policies. On page 45 are given the history and development and the pros and cons of *Deductible Insurance*.

New Amsterdam
Casualty Company

BALTIMORE NEW YORK

A PROGRESSIVE

SURETY and CASUALTY
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HAWKEYE · SECURITY · INDUSTRIAL · THREE OF THE FINEST

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COMPANY DEVELOPMENTS—from page 9

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MONTHLY FIRE LOSSES

FIRE destruction in the United States during May totaled $58,765,000, an increase of 8.5% over the loss for the same month a year ago and 4.6% less than the fire destruction during April, 1950, according to estimates by the National Board of Fire Underwriters. Thus for four out of the first five months this year fire losses were higher than losses for the corresponding month of 1949. The total destruction during last May represented the second highest fire loss ever recorded for that month, exceeded only by losses of $59,256,000, in May, 1948.

Fire losses for the year to date now total $310,001,000, an increase of 4.4% over the $297,020,000 total for the first five months of 1949.

	1947	1948	1949
June	$50,840,000	$54,706,000	$51,787,000
July	49,357,000	50,955,000	49,592,000
August	51,359,000	49,543,000	50,150,000
September	47,990,000	49,945,000	49,678,000
October	54,946,000	51,845,000	48,914,000
November	51,346,000	52,949,000	53,116,000
December	68,361,000	69,397,000	67,279,000
	1948	**1949**	**1950**
January	63,010,000	57,926,000	58,823,000
February	71,521,000	62,424,000	58,340,000
March	74,236,000	67,218,000	72,468,000
April	63,751,000	55,290,000	61,605,000
May	59,256,000	54,162,000	58,765,000
Totals	$705,973,000	$676,360,000	$680,517,000

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Mutual Companies

AGGREGATE figures in the mutual field are inclined to be misleading unless cognizance is taken of the varying plans of operation followed by the companies and the wide difference in size and classes of business underwritten. Some companies obtain business through agency organizations, while others write either all or a substantial portion of business on a direct basis. Still others specialize in certain classes of risks. Many of the mutuals in the casualty field operate on a dividend basis, while others write non-participating business. Accident and health business written by mutual life insurance companies and by carriers operating on the assessment plan are included in the totals.

While most of the accident and health business and somewhere near half of the automobile business is acquired through agency channels on a commission basis, most of the workmen's compensation business underwritten by mutuals is written direct and on a participating basis. Many of the compensation risks are large and the average total underwriting expense is lower than for any line except group accident and health.

Net premiums written by the mutual casualty companies in 1949 advanced by more than 10% to reach $1,171,260,000, a record level ten times greater than the writings of the early thirties. Rate of growth has slowed materially from the 20% gain recorded in 1948 and the nearly 30% in each of the years 1947 and 1946.

Underwriting experience was favorable on most lines of business but the over-all combined loss and expense ratio rose nearly two points in 1949 to 84.1%. Except for 1948, this ratio is the lowest for any of the last six years. Surety and live stock insurance, both very small lines in the mutual field, are the only ones in serious underwriting trouble. However, accident and health, liability (both auto and other) and workmen's compensation insurance which are the three largest classes of business in the mutual field recorded increases in loss ratios in 1949. Improvement was reported in automobile property damage and collision, boiler and machinery, burglary and theft, and glass insurance experience.

The over-all loss ratio in the mutual casualty field in 1948 was over five points higher than the average for the stock casualty carriers for the same period. Moreover, in only two classes of business—group accident and health and boiler and machinery—was the mutual

(Continued on page 117)

*** COMBINED LOSS AND EXPENSE RATIOS**

	1945	1946	1947	1948	1949
All A. & H. excl. Group	91.5	91.6	95.1	92.4	96.6
Group Accident & Health	82.6	75.3	83.2	83.0	83.0
Auto Liability	86.3	93.9	87.6	84.7	85.4
Lia. other than Auto	68.2	68.0	77.0	75.9	87.1
Workmen's Compensation	81.0	82.8	76.7	75.4	80.5
Fidelity	72.0	56.9	77.2	72.4	94.0
Surety	52.1	49.4	79.5	126.0	115.6
Glass	87.6	91.0	103.4	90.1	82.4
Burglary and Theft	78.4	77.8	78.4	81.4	78.2
Boiler and Machinery	55.5	64.3	64.5	51.1	49.8
Auto Property Damage	109.6	115.1	102.8	95.5	92.2
Auto Collision	124.3	109.0	86.5	76.6	72.0
Other P. D. & Coll.	69.9	71.9	78.5	80.8	87.7
Miscellaneous Auto	90.2	87.4	77.0	69.6	66.7
Live Stock				107.2	108.3
Unsegregated	86.1	92.6	93.8	94.0	85.7
Grand Totals	87.9	88.9	85.3	82.4	84.1
Premiums Written (millions)	$540	$688	$877	$1,059	$1,171

* Losses incurred to premiums earned; expenses incurred to premiums written.

	* Premiums Written	* Unearned Premiums	* Premiums Earned	†† Loss Ratio	† Comms. and Brok'ge	† Other Undr. Exps.	† Total Undr. Exps.	* Underwriting P. or L.	Ratio Prems. Earned
All A. & H. excl. Group	$ 160,215	$ 37,014	$ 156,787	60.3	21.8	14.5	36.3	$ 4,106	2.6
Group Acc. & Health	224,585	16,844	223,562	68.6	3.4	11.0	14.4	37,842	16.9
Auto Liability	196,197	68,568	188,990	60.6	10.4	14.4	24.8	25,774	13.7
Other Liability	41,406	20,887	37,571	58.7	8.5	19.9	28.4	3,741	10.0
Workmen's Comp.	261,778	54,825	258,291	63.6	2.2	14.7	16.9	49,718	19.3
Fidelity	2,575	2,438	2,231	62.7	9.9	21.4	31.3	26	1.2
Surety	413	231	422	68.5	27.8	19.3	47.1	-62	-14.7
Glass	2,532	1,464	2,444	47.0	16.7	18.7	35.4	399	16.3
Burglary & Theft	4,115	3,668	3,657	48.7	8.8	20.7	29.5	659	18.0
Boiler & Machinery	8,837	5,733	8,891	18.9	4.1	26.8	30.9	4,483	50.4
Auto Property Damage	101,874	36,098	97,620	65.7	11.7	14.8	26.5	6,475	6.6
Auto Collision	107,014	37,949	102,133	47.3	11.9	12.8	24.7	27,488	26.9
Other P.D. & Coll.	10,182	2,516	9,727	60.2	5.9	21.6	27.5	1,072	11.0
Misc. Auto	36,870	13,766	34,642	38.8	15.9	12.0	27.9	10,908	31.5
Live Stock	67	40	70	85.9	3.5	18.9	22.4	-5	-7.3
Unsegregated	12,680	3,763	11,965	62.4	11.4	11.9	23.3	1,559	13.0
Totals & Averages	$1,171,260	$305,804	$1,139,003	61.0	9.1	14.0	23.1	$174,183	15.3

* Last two Omitted. † Incurred to premiums written. †† Losses and loss adjustment expenses incurred to premiums earned.

UNDERWRITING

Stock Companies

THE grand total of casualty business written by stock carriers, including accident and health written by stock life insurance companies, increased 9% in 1949 to reach $2,664 million, double the volume written five years ago. Moreover, underwriting was profitable. Despite an increase of some $111 million in unearned premiums, a statutory case basis profit of nearly $175 million was reported for 1949 as against a profit of about $120 million in 1948 and less than $50 million in 1947.

*** COMBINED LOSS AND EXPENSE RATIOS**

	1945	1946	1947	1948	1949
Accident and Health	86.1%	89.0%	89.7%	89.3%	90.6%
Group Acc. & Health	94.1	93.0	93.3	94.5	96.3
Auto Liability	102.6	109.9	100.9	97.1	93.3
Lia. other than Auto	84.3	90.9	87.9	94.9	100.6
Workmen's Comp.	93.4	94.6	93.0	88.4	89.3
Fidelity	66.5	77.7	82.2	79.8	92.6
Surety	58.1	53.9	66.6	68.8	78.8
Glass	104.9	105.9	116.7	100.2	91.3
Burglary and Theft	90.9	101.6	94.2	87.7	89.4
Boiler and Machinery	133.1	105.1	97.4	93.8	95.3
Auto Property Damage	124.0	130.7	115.1	103.9	97.2
Auto Collision	128.1	115.5	92.0	82.8	79.1
Other P. D. and Coll.	77.0	88.5	88.4	91.7	91.6
Miscellaneous Auto	92.1	92.4	81.5	75.5	75.4
Credit	47.0	52.8	64.6	59.5	63.1
Water Damage	95.9	86.4	99.9	105.3	83.0
Livestock	74.0	78.2	82.9	77.7	68.0
Unsegregated	99.9	98.0	96.6	102.4	99.4
Grand Totals	94.1%	98.9%	94.4%	92.2%	91.8%
Premiums Written (Millions)	$1,325	$1,614	$2,075	$2,455	$2,664

* Losses incurred to premiums earned; expenses incurred, to premiums written.

Adjusted over-all underwriting experience (which showed a record profit in 1944, before federal taxes) deteriorated rapidly in 1945 and 1946, but reversed its unfavorable trend in 1947 and continued to improve in 1948 and 1949. The over-all case basis loss ratio (losses incurred to premiums earned) dropped five and one-half points in three years, while the expense ratio (expenses incurred to premiums written) was also lower to bring the combined loss and expense ratio down from 98.9% in 1946 to 92.2% in 1948 and 91.8% in 1949.

Of the nineteen classifications of casualty business underwritten in 1949 only one was unprofitable, liability other than auto, as against four classifications that were in the red in 1948. In sharp contrast to the excellent experience in the direct writing field for the last two years is the unsatisfactory experience in the reinsurance field. Casualty reinsurance companies, which enjoyed favorable experience over a period of years, went into the red in 1948 and 1949. Higher loss settlements, due to the decline in the value of the dollar, have forced an increasing number of claims above the reinsurance limits.

Over the past few years automobile lines have been responsible for the greatest swings in total casualty experience. Net automobile premiums written by stock casualty carriers reached $350 million in 1941 only to recede by some $50 million by 1943 due to lower rates introduced during the war period because of restricted driving. Following the war premium volume rose rapidly reflecting rate increases and the larger number

(Continued on the next page)

	* Premiums Written	* Unearned Premiums	* Premiums Earned	‡ Loss Ratio	† Comms. and Brok'ge	† Other Undr. Exps.	† Total Undr. Exps.	* Under-writing P. or L.	Ratio Prems. Earned
All A. & H. excl. Group	$ 362,765	$ 96,757	$ 350,015	44.0	26.9	19.7	46.6	$ 27,045	7.7
Group Acc. & Health	247,690	55,406	243,289	79.0	7.2	10.1	17.3	8,208	3.4
Auto Liability	605,776	255,006	579,673	59.2	20.5	13.6	34.1	29,945	5.2
Other Liability	194,443	120,904	184,588	56.8	21.8	22.0	43.8	–5,246	–2.9
Workmen's Comp.	456,506	122,063	448,536	61.6	12.6	15.1	27.7	45,582	10.2
Fidelity	50,143	58,934	51,267	44.1	20.2	28.3	48.5	4,334	8.4
Surety	92,917	63,222	83,661	21.8	27.6	25.4	53.0	16,235	19.4
Glass	26,474	15,061	26,435	41.5	29.4	20.4	49.8	2,273	8.6
Burglary & Theft	89,386	70,004	76,505	43.4	26.9	19.1	46.0	6,305	8.2
Boiler & Machinery	25,796	38,899	25,802	26.4	20.5	48.4	68.9	1,205	4.7
Auto Property Damage	299,339	129,276	283,686	61.3	21.9	14.0	35.9	2,173	0.8
Auto Collision	117,797	58,528	111,805	43.2	23.2	12.7	35.9	21,209	19.0
Other P.D. & Coll.	41,126	15,187	38,899	49.6	21.8	20.2	42.0	2,330	6.0
Misc. Auto	44,173	22,890	39,384	37.6	24.0	13.8	37.8	7,859	20.0
Credit	6,358	2,732	6,379	21.4	26.8	14.9	41.7	2,359	37.0
Water Damage	1,353	1,683	1,365	36.9	23.1	23.0	46.1	238	17.4
Live Stock	1,161	573	1,248	45.3	7.8	14.9	22.7	419	33.6
Aircraft	385	130	374	53.3	4.9	19.2	24.1	82	21.9
Unsegregated	8,952	3,008	8,911	63.5	21.1	14.8	35.9	48	0.5
Totals & Averages Ratios—1949	$2,663,540	$1,130,263	$2,561,822	55.7	19.7	16.4	36.1	$172,603	6.7

* Last 000 omitted. † Incurred to premiums written. ‡ Losses and loss adj. exp. inc. to prems. earned.

of automobile owners to reach $1,067 million in 1949, about 40% of all stock casualty business.

Although the increase in automobile premiums following the war broke all previous records, they did not advance as fast as the skyrocketing losses because of the normal lag of rate adjustments behind experience. In the casualty field, automobile risks fall into three broad categories—liability, property damage and collision. Automobile liability insurance suffered its first really bad year in 1945 only to be followed by a worse one in 1946 when the combined loss and expense ratio was ten points in the red and the statutory loss exceeded $45 million. Experience in 1947 was much better with a nine point lower loss ratio and a $20 million statutory loss. A further drop of three points in loss ratio and nearly a point in expense ratio in 1948 returned this important line to the black and in 1949 the loss ratio went down another three points which, with slightly lower expenses, reduced the combined loss and expense ratio to 93.3%, lower than it has been for five years.

Auto Property Damage and Collision

Automobile property damage and collision claims reflected rising costs more rapidly and underwriting experience was little short of disastrous. Both lines were at about the break-even point in 1943 but collision won the race to hit peak losses in two years, the combined loss and expense ratio reaching 128% in 1945. The loss was almost cut in half in 1946 and by 1947 auto collision broke into the black and was unusually profitable in 1948 and 1949 with a combined loss and expense ratio of only 82.8% and 79.1% respectively. The sad experience on auto property damage was somewhat slower in developing, possibly due to its close connection with auto liability and the slower loss settlements when claims involving both lines are settled simultaneously. The combined loss and expense ratio on auto property damage reached 124% in 1945 and hit 131% in 1946. The statutory loss on this line was reduced from $43 million in 1946 to $38 million in 1947 but the 1947 combined loss and expense ratio was still some fifteen points away from a profit.

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Better than ten points was shaved off the auto property damage loss ratio in 1948, but the line was still in the red. It was not until 1949, when the loss ratio dropped another six points, that the line broke out of the red with a combined loss and expense ratio of 97.2%. Only three of the last ten years have shown a profit on the line and the total loss for the ten year period, on the statutory basis, amounted to nearly $140 million.

Accident and Health Experience

Accident and health is the second most important line of business premiumwise when the rather substantial writings of the stock life insurance companies in the class are added to the totals. Over-all premium volume has doubled within the last five years and underwriting experience has been consistently good. Group business has increased rapidly to reach $250 million in 1949 with a loss ratio of 79.0% but an expense ratio of only 17.3%, while all other accident and health business (including non-cancellable and hospitalization) reached $365 million of premiums in 1949 with a loss ratio of 44.0% and an expense ratio of 46.6%.

Workmen's Compensation

With almost record high employment, higher benefits in some states and high wages throughout industry, net premiums written under workmen's compensation policies declined only $12 million from the 1948 peak of $469 million. Underwriting experience, on an actual case basis for reserves, continued on a very satisfactory basis although the loss ratio at 61.6% was up nearly one point for the year. The expense ratio of 27.7% left the combined loss and expense ratio below 90% for the second year in succession. For the last three years workmen's compensation has led all other lines in dollar profit, just nosing out accident and health which had led the field for the preceding two or three years.

Fidelity and Surety

Aided by the renewal of three-year contracts introduced in 1945, fidelity bond premiums advanced sharply in 1948 (about $24 million or nearly 60%). Therefore it was not surprising to have a drop of about $15 million in 1949. The loss ratio has advanced in each of the last six years and in 1949 reached the highest level since 1934 but at 44.1% still left a comfortable margin of profit, despite an expense ratio which has averaged nearly 50%. The expense ratio was almost ten points lower in 1948 due to the big jump in volume but advanced again in 1949 to 48.5%.

Surety volume has advanced in each of the last five years in line with rising postwar construction to reach $93 million in 1949. Underwriting experience has been remarkably good for the last fifteen years and in 1946 the countrywide loss ratio reached the phenomenal low of 1.1%, due in part to salvage recoveries on losses of previous years. In 1948 the loss ratio rose to 19.7% and in 1949 to 21.8% which still left a very substantial margin of profit.

This advertisement is neither an offer to sell nor a solicitation of offers to buy any of these securities. The offering is made only by the Prospectus.

NEW ISSUE June 22, 1950

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Northern Insurance Company of New York

Capital Stock

$12.50 Par Value

Holders of the Company's outstanding Capital Stock are being offered the right to subscribe at $37.50 per share for the above additional shares of Capital Stock at the rate of one new share for each outstanding share held of record at the close of business on June 20, 1950 (exclusive of any shares issuable to stockholders as a result of the distribution of one new share for each old share outstanding on such date). Subscription Warrants will expire at 3:00 P.M., Eastern Daylight Saving Time, on July 11, 1950.

The Underwriters have agreed, subject to certain conditions, to purchase any unsubscribed Stock and, prior to and after the expiration of the subscription offer, may offer shares of Capital Stock at prices and on terms set forth in the Prospectus.

Copies of the Prospectus may be obtained from any of the several underwriters, including the undersigned, only in states in which such underwriters are qualified to act as dealers in securities and in which the Prospectus may legally be distributed.

The First Boston Corporation Wood, Struthers & Co.

Miscellaneous Lines

Glass insurance, which had been unprofitable for a number of years, established new records in 1947. Premium volume reached $19.5 million, nearly double the pre-war level, and the loss ratio jumped to 65.7%, an all-time high. With expenses running 51%, the adjusted loss was nearly 17% and the statutory loss $3.8 million, or roughly 22% of earned premiums. With much of the business on a three-year basis, it was impossible to boost rates fast enough to keep pace with rising glass and replacement costs, so it became necessary to discontinue the term plan. With higher rates and one-year policies, experience improved materially in 1948. The incurred loss ratio dropped fifteen points to just under 50% but, with expenses just over 50%, the line remained fractionally in the red for the year. Further improvement was registered in 1949 on a rising volume of business when the combined loss and expense ratio dropped to 91.3%.

Burglary and theft business has expanded rapidly in the last few years under the impetus of broadened policies and lower rates to reach $80 million in 1949. It had long been a very profitable line but the loss ratio jumped ten points in 1945 and another ten points in 1946 to put the line definitely in the red. The over-all loss ratio dropped seven points in 1947 to 49.0% returning the line to the black and an additional six point decline in 1948 placed the line on a very profitable basis. Experience in 1949 was nearly as good with the combined loss and expense ratio rising less than two points to 89.4%.

Boiler and Machinery

Boiler and machinery premiums in 1947 jumped by nearly $8 million to $27.5 million, remained at approximately that level in 1948 and slid off about $2 million in 1949. Although there was a drop in loss ratio in 1948 and by ratioing all expenses against written premiums a combined loss and expense ratio of 93.8% was produced, experience was actually still in the red in 1948 because inspection costs should be ratioed against earned premiums on this line. However, a rate increase made late in 1948, together with higher earned premiums as the larger writings of the previous years ran off, placed the line in the black for 1949 even though the combined loss and expense ratio was slightly higher.

Other Liability Losses Higher

Liability, property damage and collision other than auto reached new highs in premium volume, more than $235 million. However, a seven point jump in liability loss ratio in 1948 followed by a further rise of three and one half points in 1949 to 56.8% placed the line slightly in the red as the expense ratio rose to 43.8%. On property damage and collision other than auto a rise in expense ratio was offset by a drop in loss ratio so that the over-all result remained about the same, a satisfactory combined loss and expense ratio of 91.6%.

Complete supporting tables by companies by lines with aggregate totals by lines for ten years will appear in the 1950 edition of Best's Aggregates and Averages.

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Enthusiasm PAYS OFF

FRANK BETTGER
Author of the famed business text
"How I Raised Myself From Failure to Success in Selling"

BACK in 1907 I got one of the biggest shocks of my life. I was playing for Johnstown, Pennsylvania, in the Tri-State League. I was young and ambitious. I wanted to get to the top. What do you suppose happened? I was fired! My whole life might have been different if I had not gone to the manager and asked him why he fired me. He said, "Frank, I fired you because you are lazy." Lazy? That was the last thing I expected to hear him say.

I said, "Bert, what in the world makes you think I am lazy?"

He said, "Frank, you drag yourself around the field like an old veteran that has been playing ball for twenty years. If you are not lazy why do you act that way?"

"Well, Bert," I replied, "I will tell you. I am nervous. I am scared out there and I am trying to hide my nervousness from the crowd, and besides by relaxing and trying to take it easy I think it might help me overcome this fear."

He said, "Frank, it will never work. In fact, that is the thing that is holding you back. Now after you leave Johnstown, whatever line of work you get into, whatever you do, for heavens sake wake yourself up and put some life and enthusiasm into your work."

I Acted Enthusiastic

Well, I had been making a hundred and seventy-five dollars a month in Johnstown—that was a lot of money back in 1907 for a young man. I went down to Chester, Pennsylvania, in what was then known as the Atlantic League, and I took a job down there playing third base for the Chester team at twenty-five dollars a month, less than a dollar a day. You cannot feel very enthusiastic on twenty-five dollars a month, can you? But I began to act enthusiastic and within three days an old ball player, Danny Meehan, came to me and said, "Frank, what in the world are you doing down here in a rank bush league like this?"

"Well," I said, "Danny, I would go anywhere if I knew how to get a better job."

Within a week Danny Meehan induced New Haven, Connecticut, to give me a trial. I will never forget my first day in New Haven. Nobody knew me up there in that New England League and I resolved that nobody up there would ever accuse me of being lazy. In fact, I made up my mind that I was going to show them the most enthusiastic ball player they had ever seen in the New England League. I thought if I could establish that kind of a reputation then I would have to live up to it and I would have to keep on being enthusiastic.

From the minute I got on the field I acted like a man electrified. I acted like a man that was charged with a million batteries. I would not have been surprised if I had dropped over from sunstroke the way I ran around that field that day. The thermometer that day was nearly a hundred in New Haven. Yes, it was all a show, an act I was putting on. I did not feel enthusiastic, but I acted enthusiastic. Did it work? It worked like magic. Three things happened. First, my enthusiasm almost entirely overcame my nervousness and my fear. In fact, my nervousness began to work for me and I played better ball than I ever thought I was capable of playing. The second thing that happened was that the other players on the New Haven team seemed to become enthusiastic and they too began acting enthusiastic. And the third thing, instead of dropping over with a sunstroke, I felt better all through that game and that night after the game than I had ever remembered feeling before in my life.

My biggest thrill came the next day when I read the New Haven newspaper. It said, this new player Bettger has a barrel of enthusiasm. He inspired our boys. They not only won the ball game but they looked better than they have at any other time this season, and from then on the newspaper began calling me "Pep" Bettger, the life of the team. The reader has probably already guessed what I did with those newspaper clippings. I cut them out and mailed them to Bert Cohn, manager at Johnstown. Can you imagine the expression on his face as he read about "Pep" Bettger, the dub he had tied a can to just three weeks before for being lazy?

A 700% Raise

Within ten days enthusiasm took me from twenty-five dollars a month to a hundred eighty-five dollars a month. It increased my income by 700 per cent. Let me repeat, nothing but the determination to act enthusiastic increased my income 700 per cent in ten days. I could not throw a ball any better; I could not run any faster; I could not hit any bet-

(Continued on the next page)

ter; I did not know any more about baseball than I had before; I had no more ability than I had before. Within two years from the time I had been hoping to get twenty-five dollars a month in that little Chester outfit, I was playing third base for the St. Louis Cardinals and had multiplied my income by thirty times. What did it? Enthusiasm alone did it. Nothing, nothing but enthusiasm!

Then two years later I had a bad accident. I was playing a game in Chicago against the Chicago Cubs. I was playing third base that day. A batter hit a swinging bunt down the third base line and I ran in at full speed and picked the ball up with one hand and attempted to throw the ball to first base—the opposite direction from which I was running—and something snapped in my shoulder. To make the story very short, that accident eventually put me out of baseball. At the time it seemed like a great tragedy, but I now look back on it, of course, as one of the most fortunate things that ever happened to me in my life. And by the way, as I have gone down through life I have noticed that that usually happens. These great setbacks, disappointments, usually, or frequently, are a blessing in disguise if you do not let them get you down.

I had no business training, very little schooling. I had not finished grade school. So I went back to Philadelphia where I had been born and raised and I took a job riding a bicycle around the streets of Philadelphia. I rode around the streets of Philadelphia on a bicycle collecting installments for a cheap furniture installment house. You know, a dollar down and a balance on uneasy weekly payments. After two dismal years of collecting installments on a bicycle I decided that I would try selling, and of all things to pick out I chose insurance, with a Philadelphia company. It was a very small company at that time and unknown.

I Quit Selling

After the longest and most disheartening and discouraging months of my life—I quit. And I decided that I was never cut out to be a salesman. I began looking around for a job. As a boy I had been assisting in a shipping department for the American Radiator Company, pounding boxes together. I thought if I could get that kind of a job at fifteen or eighteen dollars a week, and I had a family to support, it was the best thing I could do. Or maybe I would have to go back to riding the bicycle. And then it suddenly occurred to me that no matter what kind of work I got into, I had to overcome some kind of a strange fear complex. It kept getting a bigger hold.

So I went around to the Central Y.M.C.A. in Philadelphia and told the educational director what I thought my trouble was. He just grinned. He said, "Come on back with me."

I remember he opened a rickety door in a small room and there were about thirty or forty men seated in the front of that room, and we quietly took a seat in the back of the

(Continued on page 98)

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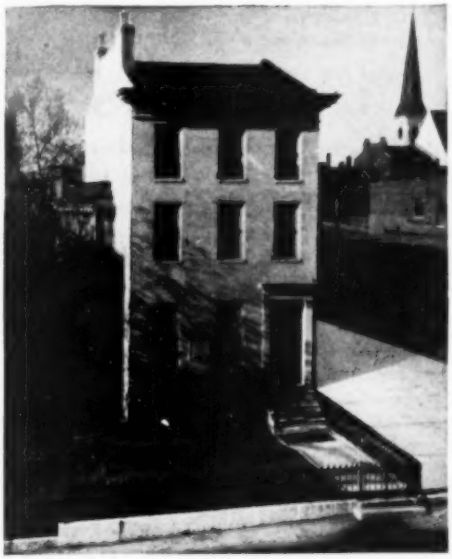

AN AURA of mystery long surrounded the Campbell House in downtown St. Louis where two wealthy bachelors lived behind closely shuttered windows. The two recluses were the sons of Robert Campbell who crossed the plains and won wealth in the early days of the West. Among his companions were Kit Carson, Jim Bridger and other notables of that adventurous era, and Campbell's own exploits as fur trader and Indian fighter have been mentioned by several writers including Washington Irving.

At the age of twenty, Campbell came to St. Louis from Ireland in 1824, and the following year joined an overland expedition for the sake of his health. In time he became a trapper and later co-owner of an important fur trading company.

Before the famous battle with the Blackfeet at Pierre's Hole, Campbell and his friend William Sublette made their wills as they dashed forward on horseback to join the fray, each naming the other executor. During the fight Campbell displayed great bravery by carrying his wounded friend to safety under fire. Despite his numerous hostile encounters with the Indians his fairness and integrity won their lasting respect.

After amassing a fortune in beaver pelts, Campbell returned to St. Louis in 1836 and became one of the town's most influential citizens, serving as president of two banks, owner of the Southern Hotel and much real estate. In 1854 he acquired the Campbell House which had been built in 1851.

During the Mexican War Campbell played a prominent part by recruiting and equipping four regiments for General Kearny's march to Santa Fe. His long-standing friendship with the Indians was put to use when he joined Father De Smet, the great missionary, in a treaty council at Fort Laramie and again when he served as member of the Indian Commission appointed by President Grant.

Campbell's death in 1879 was followed by his wife's three years later after which the house passed to their sons who lived in seclusion, jealously guarding it from change. Thus in 1941 when a group of public-spirited organizations and citizens raised the money to purchase the house from Yale University to which it had been deeded, the fine old 19th century dwelling remained just as it was in Campbell's day. Under the auspices of the Campbell House Foundation it is now a museum, preserving the atmosphere of the city's "golden decade" of the 1850's.

* * *

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MONEY COVERAGE *for the* MERCHANT

ROBERT D. HODSON
Assistant U. S. Manager,
Zurich-American Ins. Cos.

SOME time ago in a small business establishment a flash fire occurred. The building and all of its contents were destroyed, including about $325 in the cash register. Despite the fact that the merchant's fire insurance covered nearly his entire loss, he was disgruntled because he could not recover for the loss of the currency. The agent lost face—and lost the business—because he had failed to provide proper money coverage for the merchant.

A storekeeper sent his clerk to the bank to deposit $650. On the way the clerk saw a pedestrian hit by a car and, together with other passers-by, ran to help the injured man. When the excitement was over, the clerk discovered the money and bankbook were gone. Perhaps they had dropped from his pocket in the commotion; perhaps his pocket had been picked. He didn't know—and the storekeeper didn't know, until that time, that his messenger robbery policy didn't cover mysterious disappearance.

Important to All

These illustrations show that the problem of money coverage is not restricted to large risks. In fact, it is even more important in the case of the average merchant who is operating on smaller capital.

Money losses of various types can even occur to any agent in his business. He may have only one office employee—a person who has been with him a long time and who occupies a position of trust. Yet, this very trust provides an opportunity for misappropriation of funds—which could lead to economic embarrassment. This doesn't mean that he should fire his secretary or office assistant. However, it does mean that every agent should give more thought to the need of broad money coverage for the small business—particularly the merchants in his community.

Typical neighborhood risks are grocery stores, meat markets, fruit and vegetable stores, delicatessens, bakeries, drug stores, dry cleaners and hand laundries.

Planning a Campaign

In planning a neighborhood campaign remember that you are selling *protection* rather than price. You are in much the same position as the men who pioneered in the sale of the cash register. This new invention was somewhat more expensive than the old fashioned till. To sell it the salesman had to stress the fact that it would pay off in efficiency and protection. The success of the cash register man points to the possibilities in our own field—possibilities of better business for agents and greater satisfaction for their clients.

The comprehensive dishonesty, disappearance and destruction policy, familiarly known as the "3-D" policy, offers this opportunity. It provides a different sales approach because it is a package type policy in which can be included all necessary money loss coverages. True, like the cash register, it costs a little more—but let's see what it offers in return. Let's compare the "3-D" policy with the criminal loss policies the merchant may now have.

For example, in the case of the neighborhood grocery store located in Cook County, Illinois, and having a fireproof safe and three to five employees, the "3-D" policy (Form B) would cost $165.39 for one year. Here are the highlights of the protection it gives:

Employee dishonesty coverage—$2,500 each employee.
Destruction, disappearance or wrongful abstraction of money or securities from within the premises—$1,000.
Destruction, disappearance or wrongful abstraction of money or securities being conveyed by a messenger outside the premises—$1,000.
Forgery or alteration of checks issued by the insured—$2,000.

(Continued on page 24)

HOW TO MAKE BIG SALES . . .

OUT OF LITTLE SALES

FOR years there has been a trend toward combining many coverages in one policy. There are many legal, underwriting and rating problems involved, but the movement is continuing. Now a policy is available which *combines all Automobile Insurance and Comprehensive Personal Liability*. The Connecticut Indemnity Company, a multiple-line writing company, offers this new contract in its own name, and also in a combination policy with The Security Insurance Company. Comprehensive Personal Liability is another option in the list of coverages, just as Automobile Medical Payments has been for years in the combined fire-casualty automobile policy.

With this new contract, you write *one* policy, instead of two or three, you send *one* bill, instead of two or three, you have *one* expiration record, *one* item in your accounts receivable, *one* entry on your company records—instead of two or three in each case.

The Connecticut Indemnity, the first company actually to write practically all fire and casualty lines in 41 states and the District of Columbia (where multiple-line writing is permitted) will cover all these hazards in its own single policy. Security agents will also write it in one policy—the Security writing the physical damage lines and the Connecticut Indemnity the casualty lines.

In addition to the new combination policy, there's a Bulletin telling about the value of the contract, an attractive folder that will help sell it, and a sticker for agents' use when they add the Comprehensive Personal Liability to the automobile policy. With such a sticker you can simply add the personal liability coverage, tell the client through the sticker that you have done so, and offer to remove the additional coverage if he asks you to. The great majority of insureds will accept this valuable additional coverage.

If you would like to see samples of the new policy, the new Bulletin, the new folder and the new sticker about this important advance in insurance underwriting, simply send in the coupon below. They will be mailed to you and there will be no obligation on your part. You'll find out about an amazing new way to decrease your costs and increase your profit. Complete and mail the coupon now, before you forget.

SECURITY-CONNECTICUT COMPANIES
New Haven, Connecticut

Please mail me, without cost or obligation, samples of your new combination automobile-personal-liability policy, your Bulletin about it, and the folder and policy sticker on this new policy.

Name .....
(please print)

Agency .....

Street .....

City or Town ..... State .....

Security INSURANCE COMPANY OF NEW HAVEN
THE **Connecticut** INDEMNITY COMPANY
HOME OFFICE: NEW HAVEN, CONNECTICUT
1841 — "SECURITY", THE NATION'S WATCHWORD — 1950

Money Coverage—from page 22

By contrast, if you attempt to provide a similar program of money coverage through a series of limited form burglary, robbery and dishonesty policies—adding endorsements to approximate the coverage provided by the "3-D" policy—the premium would be $140.50. This plan would cost the grocer about $25 less. But he still would *not* have:

Automatic coverage for new or replacement employees under individual bonds, and the normal limit of liability would be $1,000 as compared with $2,500 under the "3-D."

Broad form destruction coverage—which the "3-D" gives him.

Mysterious disappearance coverage—either on or away from the premises—which the "3-D" gives him.

Broad or automatic "Home of Custodian" coverage—which the "3-D" gives him.

More Complete Protection

In selling the grocer a "3-D" policy, therefore, an agent is actually selling him this difference in coverage—this more complete protection—at a difference in cost of $25 (or about $2.08 a month). The difference would be even less in the case of bakeries, drug stores and certain other classes of merchants.

Other Advantages

Other advantages to the insured in having "3-D" protection are: Continuous term, reducing possibility of lapse; cancellation only by written notice; one policy and one company, eliminating questions as to which company or policy is covering a loss.

These are also advantages to the agent or broker. With the "3-D" policy he has the advantage of a single application. Furthermore he can write a "3-D" policy at any time, starting with the blanket bond only and adding other coverages as the present policies expire.

No attempt has been made here to discuss the content of this policy in detail, but simply to outline its sales features and possibilities. In fact, the reader may have wondered why no mention was made of Insuring Agreement #4, applying to securities in safe deposit boxes. The reason is that we have been discussing the average neighborhood merchant who, frankly, may not have a need for this coverage. This doesn't mean that Insuring Agreement #4 should be ignored, but rather that each case should be considered and sold on the basis of the merchant's requirements.

Our discussion has been confined principally to money coverage. Actually the basic "3-D" policy, without additional premium, also covers:

Loss of merchandise and other property due to robbery, safe burglary and/or dishonesty of employees.

Damage to merchandise and other property due to robbery and/or safe burglary.

Additional Agreements

We have only hinted at the flexibility of the "3-D" policy. As a matter of fact there are now seven additional insuring agreements that can be included by endorsement:

VI. Incoming check forgery coverage
VII. Open stock burglary
VIII. Open stock theft
IX. Broad form payroll, inside and outside premises
X. Broad form payroll, inside premises only
XI. Open stock burglary and limited theft
XII. Forgery of warehouse receipts

Admittedly all of these insuring agreements do not apply to the neighborhood storekeeper but after all the use of the "3-D" policy is not restricted to the merchant. It has practically unlimited sales possibilities in the commercial and industrial field.

More Crime Today

Now is the time to explore these possibilities. The 1945–49 comparative commercial crime reports compiled by the F. B. I. show that within this period there was an increase of nearly 50% in store and office burglaries; an increase of more than 90% in robberies; and an increase of 138% in arrests for embezzlement and fraud. The increasing need for criminal loss protection is clearly evident. Here is the opportunity to recommend an unparalleled program to meet this need. The producer, in turn, will be amply rewarded with more business—better business—and of course, greater commissions.

In the "buyer's market" it's service that counts!

PACIFIC EMPLOYERS INSURANCE COMPANY
Victor Montgomery, President

THE TERM RULE

THOMAS C. MORRILL
Director of Research,
State Farm Insurance Companies

SOME of the inertia which has characterized the attitudes of many people in the industry and in supervisory positions toward the writing of long term fire insurance policies must be due to the fact that they are accustomed to the present term rule. It has attained respectability by the aging process. In New York State, for example, the present rule was adopted in 1891 and stands today unchanged, even though at the time of its adoption English insurers had already been operating for some years on the basis of much lower discounts. The disturbing element in the situation, however, which prods us to do something about it, is the newly increased power of the states generally to regulate fire insurance rates and the overhanging shadow of Federal regulation if the states do not perform.

There is no need to re-argue the wisdom of fire insurance rate regulation at the state level—it is an accomplished fact. Every state in the union now has a fire insurance rate regulatory statute, and these laws were enacted with almost unanimous support from all segments of the industry. The business is committed to state regulation of industry pricing practices. At least in law if not in fact, rate regulation is universal.

The Prodding Question

Once we have adjusted our thinking to the fact that the price of fire insurance must meet the standards of rating laws and be subject to review and approval by state supervisory authorities, the recurring, insistent question which prods us on to do something about the term problem is: "How can we contend that our prices are adequately regulated when large, arbitrary and unsupported discounts are applied to the basic rates?"

Usually this discount is referred to as 16⅔% on a three-year policy or 20% on a five-year policy. We know, however, that these percentages are simply the result of application of the standard rule that grants a discount of 25% for each year of coverage under the policy after the first. In other words, a full 100% rate is charged for the first year's insurance

and 75% of the rate is charged for each succeeding year of the policy. With minor exceptions, this is the standard discount rule in the fire insurance business on classes eligible to be written for terms in excess of one year.

A discount of this size cannot be brushed off as inconsequential. It means too much in dollars both to the company and to the policyholder to be ignored. Its size makes it a standing contradiction to the assertion that fire insurance rates are adequately regulated.

No one, in my opinion, has stated the problem more accurately or succinctly from an industry point of view than did J. Raymond Berry, general counsel of the National Board of Fire Underwriters, in his widely publicized letter of November 18, 1949, to the Honorable J. Edwin Larson. Mr. Berry said, "We are unable to find in the records of the National Board any reason for the adoption of the term rule or any statistical support for the percentage of discount." Then he added "With the nation-wide pattern of rate regulation, the justification of term rule discounts becomes more important, if not imperative."

Concerted Action

Mr. Berry knew, as we all do, that most fire insurance is written at rates arrived at by companies acting in concert. Term discounts are also the product of action in concert. These pricing practices—forbidden in almost every other field of American business by the terms of the Sherman Act—would seem to require (1) that rate making organizations make a bona fide effort to arrive at rates, including discounts, which meet the standards of the rating laws, and (2) that state insurance departments provide regulation in fact which approves rates which meet the standards and rejects those which do not.

In the face of this set of agreed facts that present term discounts are unsupported, and that they must be supported or revised if the industry is not to fall afoul of the Sherman Act, how can we continue to treat this problem as academic or one that time will cure? We want to be practical and not theoretical, but is it practical to let a potential source of trouble of this magnitude continue to exist without concentrated attention?

(Continued on the next page)

Term Rule—Continued

Many states will be engaging in general revisions of fire insurance rates in the months ahead. Will these rated filings embrace term discounts, and will the industry be able to support the discounts or the states to pass upon their reasonableness? We know in advance that fire insurance premium and loss data will not be adjusted to correct for the effect of discounts. We will look at loss ratios in the aggregate and by occupancy classification without knowing whether they are based on 100% annual, 83⅓% three-year term, or 80% five-year term premiums.

This statistical shortcoming undoubtedly results in differing loss and expense provisions in rate levels for classes with varying proportions of annual and term business. To the extent that these provisions differ from the actual requirements of such classes, inadequate or excessive rates will result. Surely this is a practical problem that merits industry and supervisory attention.

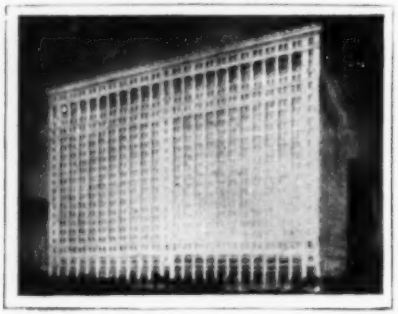
If the reader has read the letters addressed by Superintendent Dineen to the New York Fire Insurance Rating Organization and the subsequent departmental report on this subject, he may have observed repeated notes of caution as to the importance of considering the practical effects of any change in present term and discount practices as well as the legal and theoretical aspects. It would not have been unreasonable to have insisted upon a strict application of the New York rating article, and there would be ample precedent for such a position. However, with $750 millions of discounted term premiums written in 1948 by companies doing business in New York, the stakes were far too high for this type of approach. The department believed that an abrupt abandonment of term policies might create serious income and expense problems for agents, as well as personnel and expense problems for companies. A sizable public relations problem would have confronted both companies and agents in explaining the new situation to renewing policyholders.

Effect on Agents

The department's interest in avoiding unnecessary hardships led to the cost study conducted in the John C. Stott Agency of Norwich, New York. The findings in that investigation go beyond the term question, and deal with such matters as the cost of handling business of various premium sizes. It demonstrated, however, that complete abandonment of term policies would have cost the agency nearly 20% of its net operating income in the first year, and a lesser, but important, amount in succeeding years.

In any agency, of course, the net effect of such a change would depend, first, on how much of the office's net income was derived from fire insurance sales, in relation to other lines, and, second, on the proportion of term to annual business in force. The department realized that agents with a concentration of their writings in term fire insurance would suffer severely during the transition period, since, of course, they would collect commissions on annual premiums only 25% as large as expiring five-year premiums, or 40% as large as expiring three-year premiums. While this was not the only consideration standing in the way of a complete switch to annual policies, it was a very important one.

(Continued on page 94)



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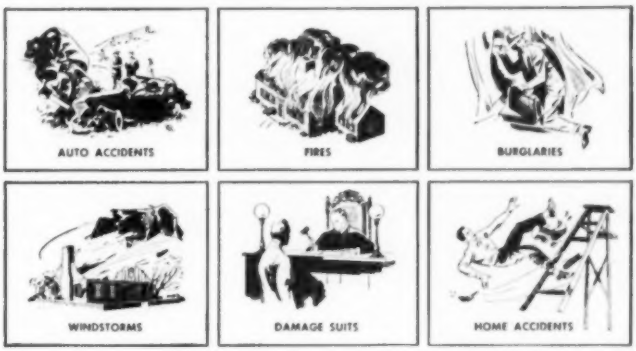

For generations this trademark has stood between insurance buyers and disaster. Its reliability has kept them free of dollar loss from the dangers shown above—and from many others. Perhaps it has lent its protection to *you*—or to your father or grandfather!

If so, you know the answer to the above question. It is the *Hartford Stag*. It is the trademark appearing on every policy issued by these leading insurance companies: Hartford Fire Insurance Company . . . Hartford Accident and Indemnity Company . . . Hartford Live Stock Insurance Company. Hartford 15, Connecticut.

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More ladies own furs now than ever before. Many of them are new owners. Many haven't the least idea how easy, inexpensive — and important — it is to protect their furs by insurance.

With a Personal Fur Floater, very little effort on your part is needed to build a profitable premium volume on this type of business. A simple suggestion and quotation from you will often be enough to show these fur-bearing ladies that wearing uninsured furs can be very close to wearing none at all.

Remember, too, most of your fur prospects own costly jewelry as well. Point out to them the real danger of loss or theft, and show how inexpensively Jewelry and Fur Floater coverage gives complete protection.

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Reliance

INSURANCE COMPANIES OF PHILADELPHIA

STATE REGULATION STRENGTHENED

Travelers Health Association and R. E. Pratt, as Treasurer Thereof and in His Personal Capacity, Appellants,
v.
Commonwealth of Virginia at the Relation of the State Corporation Commission.

Appeal from the Supreme Court of Appeals of the State of Virginia

[June 5, 1950.]

Mr. Justice Black delivered the opinion of the Court.

IN AN effort to protect its citizens from "unfairness, imposition, or fraud" in sales of certificates of insurance and other forms of securities, the Virginia "Blue Sky Law" requires those selling or offering such securities to obtain a permit from the State Corporation Commission.[1] Applicants for permits must meet comprehensive conditions: they must, for example, provide detailed information concerning their solvency, and must agree that suits can be filed against them in Virginia by service of process on the Secretary of State.[2]

While violation of the Act is a misdemeanor punishable by criminal sanctions, § 6 provides another method for enforcement. After notice and a hearing "on the merits," the State Corporation Commission is authorized to issue a cease and desist order restraining violations of the act. The section also provides for service by registered mail where other types of service are unavailable "because the offering is by advertisement and/or solicitation through periodicals, mail, telephone, telegraph, radio, or other means of communication from beyond the limits of the State. . . ." The highest court of Virginia rejected contentions that this section violates constitutional requirements of due process, and the case is properly here on appeal under 28 U. S. C. § 1257 (2).

Cease and Desist Proceedings

In this case cease and desist proceedings under § 6 were instituted by the State Corporation Commission against Travelers Health Association and against R. E. Pratt, as treasurer of the association and in his personal capacity. Having received notice by registered mail only, they appeared "specially" for "the sole purpose of objecting to the alleged jurisdiction of the Commonwealth of Virginia and of its State Corporation Commission, and of moving to set aside and quash service of summons. . . ." The agreed stipulation of facts and certain exhibits offered by the state can be summarized as follows:

The appellant Travelers Health Association was incorporated in Nebraska as a nonprofit membership association in 1904. Since that time its only office has been located in Omaha, from which it has conducted a mail-order health insurance business. New members pay an initiation fee and obligate themselves to pay periodic assessments at the Omaha office. The funds so collected are used for operating expenses and sick benefits to members.

The association has no paid agents; its new members are usually obtained through the unpaid activities of those already members, who are encouraged to recommend the association to friends and submit their names to the home office. The appellant Pratt in Omaha mails solicitations to these prospects. He encloses blank applications which, if signed and returned to the home office with the required fee, usually result in election of applicants as members. Certificates are then mailed, subject to return within 10 days "if not satisfactory." Travelers has solicited Virginia members in this manner since 1904, and has caused many sick benefit claims to be investigated. When these proceedings were instituted, it had approximately 800 Virginia members.

(Continued on the next page)

[1] Acts of the General Assembly of Virginia, 1928, c. 529, p. 1373, as amended, Acts of 1932, c. 236, p. 434; Michie's 1942 Code of Virginia, § 3848 (47) et seq.

[2] Michie § 3848 (51), (55).

State Regulation—Continued

The commission, holding that the foregoing facts supported the state's power to act in § 6 proceedings, overruled appellants' objection to jurisdiction and their motion to quash service. The association and its treasurer were ordered to cease and desist from further solicitations or sales of certificates to Virginia residents "through medium of any advertisement from within or from without the state, and/or through the mails or otherwise, by intra- or inter-state communication, . . . unless and until" it obtained authority in accordance with the "Blue Sky Law." This order was affirmed by the Virginia Court of Appeals. 188 Va. 492, 51 S. E. 2d 263.

Appellants do not question the validity of the Virginia law "to the extent that it provides that individual and corporate residents of other states shall not come into the state for the purpose of doing business there without first submitting to the regulatory authority of the state." As to such state power see, *e. g., Hall v. Geiger-Jones Co.*, 242 U. S. 539. Their basic contention is that all their activities take place in Nebraska, and that consequently Virginia has no power to reach them in cease-and-desist proceedings to enforce any part of its regulatory law. We cannot agree with this general due-process objection, for we think the state has power to issue a "cease and desist order" enforcing at least that regulatory provision requiring the association to accept service of process by Virginia claimants on the Secretary of the Commonwealth.

Appellants' chief reliance for the due process contention is on *Minnesota Assn. v. Benn*, 261 U. S. 140. There a Minnesota association obtained members in Montana by the same mail solicitation process used by Travelers to get Virginia members. The certificates issued to Montana members also reserved the right to investigate claims, although the Court pointed out that Benn's claim had not been investigated. This Court held that since the contracts were "executed and to be performed" in Minnesota, the association was not "doing business" in Montana and therefore could not be sued in Montana courts unless "consent" to Montana suits could be implied. The Court found the circumstances under which the insurance transactions took place insufficient to support such an implication.

But where business activities reach out beyond one state and create continuing relationships and obligations with citizens of another state, courts need not resort to a fictional "consent" in order to sustain the jurisdiction of regulatory agencies in the latter state. And in considering what constitutes "doing business" sufficiently to justify regulation in the state where the effects of the "business" are felt, the narrow grounds relied on by the Court in the *Benn* case cannot be deemed controlling.

A Legitimate Interest

In *Osborn v. Ozlin*, 310 U. S. 53, 62, we recognized that a state has a legitimate interest in all insurance policies protecting its residents against risks, an interest which the state can protect even though the "state action may have repercussions beyond state lines. . . ." And in *Hoopeston Canning Co. v. Cullen*, 318 U. S. 313, 316, we rejected the contention, based on the *Benn* case among others, that a state's power to regulate must be determined by a "conceptualistic discussion of theories of the place of contracting or of performance." Instead we accorded "great weight" to the "consequences of the contractual obligations in the state where the insured resided and the "degree of interest" that state had in seeing that those obligations were faithfully carried out. And in *International Shoe Co. v. Washington*, 326 U. S. 310, 316, this Court, after reviewing past cases, concluded: "due process re-

Is the Insurance Agent really "a Good Man to Know"?

DO PEOPLE GET ENOUGH INFORMATION?

Surveys are a Good Way of Telling People About Their Insurance

One of the things which make the agent "a good man to know" is the insurance survey.

A survey, of course, is information—information about the dangers of disaster and how insurance can meet those dangers. You can furnish information in many ways but the survey gathers it together all at once.

Granting that agents are prevented from making more surveys by lack of time or fear of making a mistake, it still seems a shame, doesn't it, that thousands of people don't know today *what* insurance protection they have or *whether* it's right or wrong!

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THE INSURANCE AGENT IS A GOOD MAN TO KNOW

quires only that in order to subject a defendant to a judgment *in personam*, if he be not present within the territory of the forum, he have certain minimum contracts with it such that the maintenance of the suit does not offend 'traditional notions of fair play and substantial justice.'"

Measured by the principles of the *Osborn*, *Hoopeston* and *International Shoe* cases, the contracts and ties of appellants with Virginia residents, together with that state's interest in faithful observance of the certificate obligations, justify subjecting appellants to cease-and-desist proceedings under § 6. The association did not engage in mere isolated or short-lived transactions. Its insurance certificates, systematically and widely delivered in Virginia following solicitation based on recommendations of Virginians, create continuing obligations between the association and each of the many certificate holders in the state. Appellants have caused claims for losses to be investigated and the Virginia courts were available to them in seeking to enforce obligations created by the group of certificates. See *International Shoe Co. v. Washington, supra*, at 320.

Undue Expense and Trouble

Moreover, if Virginia is without power to require this association to accept service of process on the secretary of the Commonwealth, the only forum for injured certificate holders might be Nebraska. Health benefit claims are seldom so large that Virginia policy holders could afford the expense and trouble of a Nebraska law suit. In addition, suits on alleged losses can be more conveniently tried in Virginia where witnesses would most likely live and where claims for losses would presumably be investigated. Such factors have been given great weight in applying the doctrine of *forum non conveniens*. See *Gulf Oil Co. v. Gilbert*, 330 U. S. 501, 508. And prior decisions of this Court have referred to the unwisdom, unfairness and injustice of permitting policy holders to seek redress only in some distant state where the insurer is incorporated.[3] The due process clause does not forbid a state to protect its citizens from such injustice.

There is, of course, one method by which claimants could recover from appellants in Virginia courts without the aid of substituted service of process: certificate holders in Virginia could all be garnished to the extent of their obligations to the association. See *Huron Corp. v. Lincoln Co.*, 312 U. S. 183, 193. While such an indirect procedure would undeniably be more troublesome to claimants than the plan adopted by the state in its "Blue Sky Law," it would clearly be even more harassing to the association and its Virginia members. Metaphysical concepts of "implied consent" and "presence" in a state should not be solidified into a constitutional barrier against Virginia's

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[3] *Lumbermen's Ins. Co. v. Meyer*, 197 U. S. 407, 418, 419; *Mutual Life Ins. Co. v. Spratley*, 172 U. S. 602, 619; *cf. International Shoe Co. v. Washington*, 326 U. S. 310, 319.

Fascinating First Facts!

The Saint Paul Companies
INSURANCE-LAND SERVICE

THE FIRST CASH REGISTER

On a trip to Europe a businessman of Dayton, Ohio, J. J. Ritty, saw a recording device on the steamship which marked the number of revolutions of the ship's propeller. This gave him the idea for the cash register, patented in 1794.

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SAN FRANCISCO

A&H Developments

Who Says We Don't Try?

W. deV. WASHBURN
Executive Vice President,
American Health Insurance Corp.

WHO first said "The difficult we do immediately—the impossible takes a little longer." I don't remember. I saw it paraphrased recently in this fashion, "When they say it's difficult, we do it—when they say it's impossible, we say the hell with it!"

What have such clever mottos to do with hospital-surgical-medical insurance? Quite a bit, especially in view of the statements made by socialist propagandists who offer us all bread and circuses at our expense as a fair exchange for more and more power over our daily lives. Again and again they say that voluntary insurance either cannot or will not meet the fast growing demand for adequate insurance of the cost of complete medical care. According to them, we say "the hell with it!"

They want to pass a law to proclaim a state of Utopia overnight, and "for free." They want us to ignore a previous law thousands of years old already which has always been workable. It has enforced itself and it has never been repealed. I refer of course to the law of supply and demand.

This law ought to be called the law of demand and supply because supply arises in a free enterprise economy in response to the demand. I don't suppose there is any organized source of supply of dead buzzards, for instance, because so far there has been no demand for them. However, when a demand arose for the livers of certain kinds of sharks, it was not long before a substantial source of supply was organized, motivated by the much-deplored desire for profit.

Supply Responds to Demand

In insurance, too, no substantial demand goes long unfilled. More than once our expert underwriters and our actuaries have told us that arranging a supply is not just difficult, but impossible. Our agents, though, are in daily touch with the American public. Any legitimate and substantial demand for insurance is quickly translated through them into a powerful pressure on the companies to try to furnish the desired protection. There are always some aggressive companies seeking to stay ahead of the field with new or improved coverages so that their agents may have a preferred competitive position. And, competition being what it is in our business, other companies are under even more pressure from their agency forces to quickly follow the leaders whenever a way to supply a new demand

(Continued on the next page)

seems to have been discovered. The typically American desire to constantly grow and succeed and to set goals for the future in excess of those attained in the past is basic in our business. As individuals and as companies we don't want to stand still on the sidelines watching others go forward. We want to set the pace. So what happens?

We go so far in trying to supply public demands for protection, we can often look back later to discover we have done what our own experts said was impossible.

We Used to Think That – –

Back in 1941 I was trying to learn all that was known about hospital-surgical insurance underwriting. I studied, and I read, and I consulted. The first place I looked for information was in one of the latest authoritative textbooks used in insurance courses at the college level, a text written by one of our outstanding insurance teachers. He was and is a leading student of the history, the current developments and the future of all insurance lines. On the subject of hospital insurance, he had this to say, in effect:

"This type of insurance lends itself to large group handling, not only because of savings in administrative costs, but because by acquiring and retaining risks subject to sound underwriting requirements of minimum participation by eligible employees, the problems of adverse risk selection are minimized.

"*However*, as might be expected, experiments by some of the non-profit plans and other insurers have demonstrated that it is not feasible to issue this type of contract on an individual basis. This is because in the case of individual risk solicitation, all of the bad risks will seek the coverage, but those who do not anticipate an immediate need for hospitalization will not be sufficiently willing to apply for policies and pay the premiums. Thus the average exposure of the insuring company on which to base any reasonable premium charge, must be unsatisfactory."

That's what he said, and he was right, because the other experts said so too. So why even try to insure folks who don't happen to work with a large group of fellow employees? Why try? Because individuals and small groups *wanted* this sort of protection too. So we tried, or at least many of us did. We covered them. And we still cover them, and thousands of our agents are out today trying to sell more individuals more and better hospital-surgical-medical protection. The demand is being supplied.

And now, when an insurance expert is writing or revising a textbook, he has to change the part about insuring individuals for expense for hospitalization and good medical care. He can't say it's impossible to accomplish because we tried to meet the growing demand and we did it successfully.

Maternity Expense

Let's look at maternity expense. I'll agree with the experts that childbirth can't be insured on an individual policy basis, where prospective parents can take it or leave it. It's just not an emergency, as under natural law it cannot happen overnight, without warning, not the need for financial assistance, anyway. Nor can we well say it is a catastrophe, not when it is called "a blessed event." It is usually desired and planned. It's about as reasonable to insure coal in a coalbin against subsequent fire as to insure young married folks against perpetuating the human race. That's what they are for. Certainly it is not a subject for insurance, according to the well known and time tested requirements for insurability.

But people want their family health insurance plans to include some indemnity for childbirth. So, even though it can't be done, we try anyway to meet the demand. Most of us disregard the rules of insurance in this instance because we think the public demands that we do.

We could go on and on. Small groups. The actuaries tell us these are not sufficiently subject to the

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Optional additional coverages . . . and higher limits? "You bet—and at little cost," says Bos'n Dan—"including Products and Defective Workmanship coverage."

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TV dealer trapped?

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"As the owner of a radio and television store I sell and install a television receiving set, at the same time signing a service contract with the purchaser of the set. After the set is installed but before the expiration of the service contract, a short circuit in the receiving set causes a fire and considerable damage to the surrounding property. Somebody has to pay for this damage. But who?"

Is your mind as blank as that TV screen, when it comes to answering this question? This is no time to wonder—it's time to act! Ask the Advertising Department for your copy of "Product Liability True or False" and KNOW.

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law of numbers to permit evaluation of averages, so we can't underwrite folks who work for small firms any differently than we would accept or reject unrelated individuals. It can't be done, that's all. So what? Sure, we tried anyway and some of us had trouble and we all learned by trying. Now, in the chapter on hospital-surgical insurance there has to be a section on franchise, which differs from individual plans and from group plans, too. It looks as though it may be a long chapter, too, some of these days.

Here's something else to keep in mind. You can't insure parents and children for a flat premium. You must vary the premium according to the number of children. If you don't you'll end up with too many large families and you'll be sorry. Now I don't know about others, but my company has used a single premium for families for years and every time we check up we find we have 2.4 children per family, not far off the population average in the market we supply with this insurance.

Conclusion

I'm not going to go on giving examples to prove my point. I don't say we can supply a demand that some socialist planners say *ought* to exist, or give people something they would like to have, but only as a gift. I don't call that a demand.

But I do say that when the American public does demand insurance protection there are a lot of their fellow-Americans in the insurance business, trying to find out what they want and how to express the desired protection in an insurance contract to be backed by a sound company.

So I'm going to change the motto again. "The difficult we do immediately, and when they tell us something is impossible, it may not take us so much longer to do that, too."

At any rate, no one can truthfully say we won't try.

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ATOMIC ENERGY AND INSURANCE

CASUALTY COVERAGE IMPLICATIONS

S. C. Rothmann, Research Engineer
Association of Casualty & Surety Companies

IN THE previous articles of this series the fundamental principles of nuclear energy were discussed and some typical illustrations of constructive atomic energy usages were brought to the attention of the reader. An effort will be made in this, the third and last article of the series, to point out and specifically highlight a few of the more important questions relating to atomic energy use which should now be commanding the attention of the casualty and liability insurer.

It is anticipated that the immediate impact of these problems will definitely be felt by certain casualty and liability insurance lines. On the other hand, the long range implications posed by these questions may eventually be reflected in other insurance lines. Before attempting to focus particular attention upon some of these specific problems, it might be well, first of all, to generally consider some of the major potential hazards involved, and the precautions necessary for the proper storage, handling and use of radioisotopes.

Radiation Problems

Experience with radioactive materials has already shown that there is danger to the health of both plant workers and consumers handling or in frequent contact with these special substances unless proper known precautions are taken. Despite the excellent health and safety record of both the Manhattan Project and the present U. S. Atomic Energy Commission programs, fear of these inherent dangers still remains one of the major deterrents to increased activity in the widespread industrial uses of radioactive materials. In the experience of both of these programs, covering almost a nine-year period, there have been only two deaths and seven injuries attributable to atomic radiation. Regardless of this admirable record, the presently existing unwarranted fear evidently has resulted from the considerable uncertainty and speculation regarding these matters which in all

probability grew out of the lurid newspaper accounts of the bombings of Hiroshima and Nagasaki.

Fortunately enough, the future peacetime applications of atomic energy are not in the least questioned by those enlightened individuals who have taken the initiative or time to thoroughly acquaint themselves with the most recent accurate information regarding this important subject.

In order to evaluate from insurance's point of view the overall relative importance of protection from radiation, it might be expedient, to consider first the characteristics of the various types of radiation encountered and then, with this information as a basis, discuss the corresponding required protective measures. The now recognized dissimilarities between the various types of radiation are generally attributed to their penetrating power. There are at least seven known forms of high energy radiation which are considered as potentially dangerous. Of these only three are commonly encountered in the ordinary uses of radioactive isotopes. The remaining ones are ordinarily found only in connection with nuclear reactors (piles), high voltage particle accelerators, (cyclotrons, beatrons, cosmotrons, etc.) or detonations from atomic bombs. The most familiar forms of high energy radiations of any immediate consequence are *alpha, beta* and *gamma rays, X-rays* and *neutrons.*

Alpha rays (particles) are incapable of travelling more than a few inches from their source in air and no more than a hundred microns in tissue. Because of the shortness of their range, they constitute a health hazard only when introduced into

(Continued on the next page)

All the opinions expressed in this article are those of the author and do not necessarily reflect the views of the Association.

the body through inhalation, or ingestion or through the skin. These rays are known as the "bone-seekers." Alpha rays can actually be stopped by a couple of thicknesses of ordinary bond paper or the cornified layer of the skin. Ordinary rubber clothing is therefore considered as adequate shielding for the worker.

Beta rays (particles) have ranges up to several yards in air and may penetrate into the flesh as much as one inch. Because of their capability of penetrating significant distances into tissues from external sources, beta rays constitute an external hazard. Beta emitters once having gained entrance into the body present a serious internal hazard since practically all the beta particles will be absorbed by the tissue. By using an appropriate thickness of material, such as ¾ to 1 inch of wood or a sheet of aluminum 2 millimeters thick, beta rays can be stopped completely.

Gamma rays which are usually emitted concomitantly with alpha and beta rays can never be wholly stopped and may pass entirely through the body. In passing through the body, some of the gamma rays may be stopped by colliding with atoms in the body tissue. These collisions may result in the destruction of tissue and injury to internal organs of exposed individuals. Marked changes may occur in the reproduction systems of animals or plants as a result of excessive exposure to gamma rays. Gamma rays and X-rays have almost identical properties, and they have such great power that a centimeter or more of a heavy material such as lead or several feet of concrete are required to reduce them to a safe limit. Gamma rays are obviously both internal and external hazards.

Neutrons, the less common type of radiation hazard, are either slowed down or stopped only by a collision with the hydrogen nuclei of materials rich in hydrogen atoms. Water, paraffin and aqueous solutions of sodium borate are considered as adequate protection because their hydrogen or boron atoms are capable of slowing down and ultimately capturing the slowed neutrons.

It is now generally recognized that many radioactive isotopes are dangerous in very small amounts especially when taken into the body. The four modes of entry into the body are:

1. By breathing of air contaminated with radioactive materials.
2. By ingestion.
3. By absorption of a solution of a radioactive substance (uranium salts) through the skin.
4. By absorption of isotopes into the blood stream through a fresh break or cut in the skin.

Permissible Exposure

The permissible amounts (tolerances) of radioactive materials which can be taken into the body are relatively small, therefore every effort should be made to prevent getting these substances into the system. For personnel regularly exposed to radiation, the permissible whole-body exposure level has re-

(Continued on page 80)

COTTON *wrote the melody!*

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CIA

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DON'T FORGET THE LITTLE WOMAN

THERE'S practically nothing more important for a man who leaves home to attend a convention a long ways off than to decide upon what gift he's going to bring or send back to the little woman. The little woman, as a husband should know, is the girl he married. She may have hooked him as long as ten, twenty or thirty years ago, but she's still the girl she let him think he'd led to the altar, only more so. In the interval God may have been good to them and sent them a bunch of little replicas to raise, honor and obey. But regardless of race, color or present condition of servitude, the husband, alias the gay and fancy-free conventioneer, is bound, if he knows what's good for him, to still the doubts, the wonder and the mounting suspicions that are wont to inhabit the hearthside bosom by buying his way back home with some present or other that has a good label on it.

Just Exactly What

The question of just exactly what the gift should be has plagued the male sex ever since the business of stag conventions began. It is, in fact, easier to suggest a few things that it should not be, and in that way, by the process of elimination, we may get down to what's left, thereby giving the husband the choice of residue; which is legal in most states. Now one of the things that he should not bring back as a gift to the wife is a blonde. That goes without saying. The judgment of a man who would do that is immediately open to question. The gift would be wholly unacceptable. It might even upset the little woman and do more to neutralize the effect of his good intentions than anything he might think of. So blondes are out.

Another thing not to give is anything that has a masculine cast about it, such as a new bag of matched clubs, a box of cigars, chewing tobacco or a new shaving outfit. The wife would at once look at them askance and suspect that they were not for her. Nor should he show up with anything that looks as if he'd gotten drunk and bought it, such as a yacht, a trunk of new fishing tackle, an initialed set of silk underwear with the wrong initials on it, a German shepard watch-dog, a pet monkey or a pair of white mice. You can imagine how the wife would welcome those things. She might not say anything at first, but just bide her time. Sooner or later, however —say in twenty seconds or so— she'd let him have it.

Something Very Feminine

No, the gift should be something very feminine and small enough to go into his travelling bag, but large enough, of course, to be seen by the naked eye. Then when he gets home, that is inside the front door, and he's given the little woman a peck, peck and peck and has kissed the peach jelly off Ernest, Junior's cheek and smothered little Pamela with big bear hugs from Daddy, he should immediately open up his bag and produce the present.

We recall the situation a year or so ago of a husband returning from a convention who forgot to get the gift out of his bag but left it for the little woman to go searching for later in the day when he had climbed into bed and was sleeping off the convention. She finally found the gift, an electric alarm clock with a radio attachment, where it was lying near the bottom of the bag surrounded by dirty handkerchiefs with rouge on them and an assortment of perfume. That man never went back to another convention, although he had always been a very popular fellow. No one ever had the nerve to ask why, so no one ever found out.

Now you know a husband is a funny thing. Especially when he goes off for a business conference in a distant city. He's just a small boy with long trousers on. He's just a little boy grown up. One of the biggest things he has to contend with is his conscience and that's what we want to tell about. You've seen the little girl who sits down to practice her piano. She puts a metronome on the piano in front of her. That's that little machine that beats out the time: tick-tack, tick-tack, tick-tack. That's the way it is with a big man when he goes off for an important meeting. He has a metronome that ticks off the time, too. It's that conscience of his that rises up inside of his foggy bifocal brain and sounds off at him whenever he gets ready to do something that maybe he wouldn't be getting a chance to do back home while he was safe in the clutches of the little woman.

You see there are a lot of things a man has always wanted to do but never did. Some of those things are all right and others are not quite all right period. Anyway, there are things he's always wanted to do some day, whether they make sense or not. But being a procrastinating beast by birth, he's always putting them off, looking for just the right time. And that time naturally never comes.

A Little Freedom

It's no wonder then that when he gets a few minutes off from what he refers to lovingly at first as the ball-and-chain, he gets to thinking how abused he is by fate; what a martyr he's been to the cause, and why isn't he entitled to a little freedom on his own? By that time the train has carried him fifty or sixty miles away from home and he gets more expansive by the minute. Strange, what a matter of fifty miles will do to a man—miles and a little geography!

Anyway, as he gets further and further away from home plate with his ideas getting fancier by the minute, old bre'r conscience rises up and starts off the metronome. For instance, let's say that just before he

(Continued on the next page)

Little Woman—Continued

left, the little woman exacted a promise that he would not gamble while he was away. Well, his intentions were good enough for the most part, but after he got past the hundred mile mark and the geography had begun to change so much that it no longer reminded him of home sweet home, he got to thinking how easy it might be to roll a few well-rubbed dice across the green felt and pull in a few easy dollars. Certainly, it couldn't be construed as being very wrong to wager a fast ten-spot. By the time he got to the scene of his activities his fingers were fairly itching for a pair of the little cubes. All that time his conscience had been talking to him. At first it had been saying, in metronome timing, "Don't Do It." "Don't Do It." "Don't Do It." "Don't Do It."

Then later on it changed to "Are You Gonna"? "Are You Gonna"? "Are You Gonna"?

And finally the next day, the refrain was, "Now you dun it." "Now you dun it." "Now you dun it."

The point of the whole thing is that a man's conscience has absolutely no sense of grammar. Nevertheless, the refrain, "Now you dun it. Now you dun it. Now you dun it" simply fans the flame, the desire to buy the little woman the gift and get it over with. No wonder he seizes the first opportunity that comes up.

The Constructive Viewpoint

He may do any one of several things about it. He may decide to go shopping by himself; he may, feeling the need for the constructive feminine viewpoint, borrow the boss' secretary or seek the aid of somebody's wife or girl friend; or possibly take two or three of his drunken men friends along. The latter is always a big help and practically cinches the probability that, no matter what he buys, the wife will have none of it; she has an infallible instinct on that score.

At any rate, we should just like to recount quickly the story of the perplexed husband and how he solved the problem. This happened a year ago in the hardware business. The husband's problem was that he just couldn't think of anything to get for the little woman. Nothing that came to mind sounded worthy of her. Finally he spoke to his New York boss. He had an idea. He wondered if he could enlist the help of the boss' secretary long enough to have her accompany him on a brief shopping tour. The boss said yes, by all means. The boss' secretary was delighted. So there they were, the perplexed husband, his brows knitted by the care and worry of wondering what to get, and the boss' sec, her brows not so knitted by the care and worry of wondering what to get. The little woman back home with the kids and the peach jam would have simply loved this scene.

The two of them go on down to Lord and Taylor's or Macy's in a gay mood. The boss' secretary is very careful in making suggestions for the gift for the little woman. She herself looks over a lot of little things that she herself would like, that is, just in passing, as it were. Finally, she decides upon a little gimcrack, gold covered, that a woman can hook to the table of a restaurant and hang her pocketbook from. It cost $8.57. The husband looks it over, too, with grave mien.

The Least He Can Do

After due consideration he gives consent. The girl wraps it up and hands it to the visiting husband. At this point, he feels so grateful to the secretary that he thinks the least he can do for her is to take her out to dinner. He notices she has that hungry look about her. She reluctantly consents. The dinner costs only $19.90 and they both enjoy it very much. After dinner, he's still feeling so grateful that he leans over and, without thinking, gives her a big kiss and says, "Thanks a lot, Darling, it certainly was nice of you." Now that little brush of a kiss had utterly no feeling about it; it was simply automatic, strictly in the line of duty, don't you know; just like kissing the kitchen stove. It was no particular pleasure to him, mind you, for he was thinking of the little woman back home all the time.

Later on, in after-blush, that seemed like quite a sum for acquisition costs, that $19.90 dinner. But what can he do about it now. He arrives home with the $8.57 gadget that cost him only $28.47 and what with the New York label on it he feels mighty proud and righteous when he presents it. My, the things that happen in business.

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DAN JOHNSON
Special Agent,
Northwestern Mutual Fire Association

DOCTOR, Lawyer, Beggarman, Thief!" a phrase dear to our childhood, and, actually, our first grouping of professional standards. Somehow the insurance agent was left out of this little game.

Now we feel that we are entitled to recognition, but most certainly do not want to be placed in a class with the latter two. We are proud of our profession but that pride, of course, must be justified.

Let's have a look at ourselves. The insurance business has involved itself in contracts of complicated wording and technical rating schedules. The work of reducing this high sounding language to answer the question, "What am I covered for?" is a tough job. Much of your sales resistance comes from the fact that Mr. Prospect doesn't know a thing about insurance, and in many cases has never found the right man who could give him all the answers. The inefficiency of the few has caused him to paint us all with the same brush.

Life Is Complicated Enough

Life today is complicated enough for workingmen and businessmen alike. Let's not confuse them more in our approach to their insurance needs. When you call on your doctor with some ailment you don't want him to give you a long discourse brimming with technical medical terms. You appreciate a simple and thorough explanation, and the advice and prescription that is necessary to eliminate your discomfort. The same holds true with the prospective policyholder—he wants a straightforward explanation devoid of meaningless insurance jargon.

The insurance agent is not a "medicine man," but in a way he might well be. The man who has inadequate insurance for home and business may not be physically sick, but if a large loss or claim occurs he can very well acquire that condition. It is your job to keep him "insurance healthy."

There may be some agents who have not acquired the professional standards necessary to do this. If you are one who is just starting in the business, do not adopt the attitude one agent expressed to me in these words, "If I tried to keep up on all the changes in general insurance and make a study of all the contracts, I wouldn't have time left to make a living." Strictly speaking, this man was probably right, but certainly his attitude was wrong.

Not Just Merchandising

Insurance is not a merchandising operation. It has been said that over one million different types of insurance contracts are written. No man alive can reduce these to "over the counter" wares. The manuals provided are not merchandise catalogues. They are text books reducing underwriting data and rates to a language that all can understand and use. They should serve as a guide to you in much the same manner the medical journals keep the doctor posted on the latest developments in medicine.

Do not place yourself in that class known as the "Order Taker." That goes back to the button shoe era, a time when company and agent alike were fearful of insuring more than one risk on a contract and the insurance prospect hesitated because his agent knew little of his problems and the contract that transferred the risk.

Specialize

For those who wish to be regarded as insurance counsellors there is a course which they can follow. Apart from selling or advising on merely dwelling and automobile business, every agent should specialize. If you have a tendency toward mechanical things, a particular hobby, or a large acquaintance in some business or occupation—develop it! If you are mechanically minded and can talk to a man about the problems of an ordinary machine shop, he will listen to your advice as you counsel him on insuring against the perils and hazards that exist in his shop. Study that insurance field! *Know* what you can offer him, and what he should have! Provide him with a written policy analysis and survey.

Most Successful Agents

The most successful agents I have known are those who have followed this course. One was employed by a dairy, lost his job in the depression, knowing the dairy business and having graduated from college as an agronomist, he devoted the bulk of his time to writing insurance for dairymen. In time, he built a large agency from that field alone. Another had been working in a title company, learned the problems of financing construction projects and subdivisions. Because of this he has become an expert in writing bonds. This factor alone opened the gates to a large and successful volume of fire and casualty business. Now contractors seek him because of his reputation in solving bid and completion bond problems.

Think it over. Appraise your own talents and interests, then apply them to your work. *Go Professional.*

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Like F&D, he SPECIALIZES

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in glass is his business. With blast lamp and tube, the laboratory glass worker shapes complex assemblies through whose "veins" flow the marvels of chemistry. An entire industry depends on the skill of this specialist.

And, like F&D, he acquired his specialized skill by constant practice over a long period of time.

F&D's ability to act swiftly and authoritatively in connection with any bonding proposition and the close-at-hand facilities of its 50 field offices are highly valuable assets to its agents. Together they enable F&D representatives to meet the bonding requirements of their clients with professional competence, no matter how limited their own surety experience may be.

Especially important to F&D agents is the frequently-demonstrated ability of the company's experts to devise ways and means of covering out-of-the-ordinary bonding risks, thereby creating worthwhile commissions for the producers involved, as well as strengthening their relations with their clients.

Yes, in the bonding business, as in other fields of endeavor, specialization means better service to all concerned.

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DEDUCTIBLE INSURANCE

ONE of the principal topics of discussion at the recent meeting of the Eastern Underwriters Association was deductible insurance. Prior to the meeting, the association prepared the following information for its members. It was noted specifically that the information does not constitute a recommendation by the association on the subject.

History and Development

1. The principle has been used for many years by ocean marine underwriters in covering cargoes of a susceptible nature through the use of "Free of particular average" (F.P.A.) clauses.

(a) It has been used by ocean marine hull underwriters in arranging primary insurance on hull and then quoting separate and lower rates on "freights" which is termed "T.L.O." insurance. (Total loss only.)

(b) Neither of these limited covers applies to general average or salvage charges. The F.P.A. clause in cargo insurance does not apply to losses caused by stranding, sinking, burning or collision with another vessel.

2. The principle has been used for years in arranging "excess reinsurance" for insurance companies covering catastrophe losses.

3. It has been used in some instances to reinsure "so-called" self-insurance funds.

4. It has been used in the issuance of policies covering railroad insurance properties.

5. It has been used to reinsure "specialty" companies organized by some large corporation for the sole purpose of insuring the property of such corporation.

6. It has been used on special contracts covering risks where values are reasonably constant but distribution of such values is spread over a large area and averaged over many risks of like hazard.

7. It has been used in credit insurance to establish net compensable loss as the gross loss less invoice adjustments and allowances and less coinsurance and normal credit loss.

8. Under extended coverage endorsement No. 3 there is a deductible of $250 applying to all perils under the endorsement.

Pro

1. There is a demand for deductible coverage among risks of a size that permits assumption of a "first loss" by the assured.

2. Some risks have an inherent hazard whereby small losses can be recognized as maintenance losses—i.e., steel mills, public utility electrical risks, foundries.

3. Deductible coverage has been offered by the non-admitted foreign market and by mutuals covering large factory risks.

4. It saves the cost of handling and paying small claims for the insuring company and provides rate credit based on that saving.

5. The assured also saves part of the percentage of the full rate that normally goes for agents commission, taxes, company overhead, board expenses, etc.

6. It adds additional income to agents and brokers by reclaiming those risks now going to non-admitted and direct writing mutual markets.

7. It requires careful underwriting of each risk because serious single loss possibility must be evaluated.

8. Full insurance to value is essential to cover large single loss possibility.

9. Its basis of high limit deductible will attract only the large, well-managed risk.

10. It will deter the development of self-insurance funds by offering a market for full insurance, less those losses normally classed as maintenance items.

11. It lends itself to operations such as railroads, grain, F.I.A., cotton, multiple location risks.

Con

1. It encourages the creation of self-insurance funds, and destroys 100% indemnity.

2. It does not equitably spread the risk because buyers of deductibles do not pay their share of the overall premium required for payment of smaller claims.

3. It will tend towards increasing the relative cost of inspecting and servicing large sprinklered and other risks with special processes now requiring periodic inspection to maintain and expand fire safety requirements.

4. The use of deductibles limited to large value risks or those with many locations may be discriminatory and require consideration of lower deductibles available for smaller risks and those of one location.

5. Destroys the statistical credibility of rate levels because of reduction for varying deductibles.

6. Fixed company expense is not reduced in relation to percentage reduction for use of deductible.

7. Elimination of investigating and paying claims amounting to less than the applicable deductible may destroy the fire safety activity that normally saves recurrence of loss from preventable cause. Most of the fire safety developments in industry have resulted from careful study of fire causes in small losses which has prevented larger claims through creation of new fire safety standards.

8. It presents problems of loss apportionment unless the risk is covered only by deductible policies.

9. It will reduce agents' commission by the rate percentage allowed for the use of the deductible. This without commensurate reductions of agents' work.

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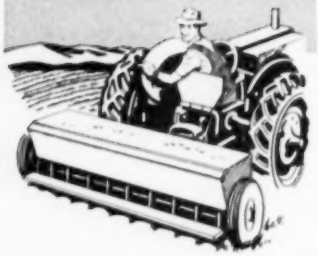

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OFFICES IN PRINCIPAL CITIES COAST TO COAST

State Regulation—from page 31

simple, direct and fair plan for service of process on the secretary of the Commonwealth.

We hold that Virginia's subjection of this association to the jurisdiction of that state's Corporation Commission in a § 6 proceeding is consistent with "fair play and substantial justice," and is not offensive to the Due Process Clause.

Similar Contention

Appellants also contend that § 6 as here applied violates due process because the Commission order attempts to "destroy or impair" their right to make contracts in Nebraska with Virginia residents. Insofar as this contention can be raised in a special appearance merely to contest jurisdiction, it is essentially the same as the due process issue discussed above. For reasons just given, Virginia has power to subject Travelers to the jurisdiction of its Corporation Commission, and its cease and desist provisions designed to accomplish this purpose "cannot be attacked merely because they affect business activities which are carried on outside the state." *Hoopeston Canning Co. v. Cullen, supra,* 320–321. See also *Osborn v. Ozlin,* 310 U. S. 53, 62. These two opinions make clear that *Allgeyer v. Louisiana,* 165 U. S. 578, requires no different result.

Appellants concede that in the *Osborn* and *Hoopeston* cases we sustained state laws providing protective standards for policy holders in those states, even though compliance with those standards by the insurance companies could have repercussions on similar out-of-state contracts. It is argued, however, that those cases are distinguishable because they both involved companies which were "licensed to do business in the forum and were actually doing business within the state. . . ." But while Hoopeston Canning Co. had done business in New York under an old law, it brought the case here to challenge certain provisions of a new licensing law with which it had to comply if it was to do business there in the future. Thus it was seeking the same kind of relief that appellants seek here, and for the same general purpose. What we there said as to New York's power is equally applicable to Virginia's power here.

Service by Registered Mail

It is also suggested that service of process on appellants by registered mail does not meet due process requirements. What we have said answers this contention insofar as it alleges a lack of state jurisdiction because appellants were served outside Virginia. If service by mail is challenged as not providing adequate and reasonable notice, the contention has been answered by *International Shoe Co. v. Washington, supra,* 320–321. See also *Mullane v. Central Hanover Bank,* 339 U. S.

The due process questions we have already discussed are the only alleged errors relied on in appellants' brief,[4] and appellants' special appearance only challenged state jurisdiction and the service of process. We therefore have no occasion to discuss the scope of the Commission's order, or the methods by which the state might attempt to enforce it.[5]

Affirmed.

Mr. Justice Douglas, concurring.

Since the formula adopted by the Court is adequate to dispose of this case, I have joined in the opinion. But I feel that the type of problem presented requires a more selective treatment. Hence my separate opinion.

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[4] One federal question suggested in the appellants' statement of jurisdiction was that § 6 as interpreted by the state court infringed federal control of the mails delegated to Congress by Art. 1, § 8 (7) of the United States Constitution. But appellants' brief on submission of the case does not include this question in the "specifications of errors relied upon" and does not even mention that constitutional clause.

[5] For examples of problems which might be raised by attempts to impose punishment for violation of the order, see *Strassheim v. Daily,* 221 U. S. 280, 284–285; *cf. Hyatt v. Corkran,* 188 U. S. 691, 712, 719. Section 6 itself provides no method for enforcement, except insofar as such stature might be attributed to its provision for giving a cease-and-desist order "publicity . . . to the public through the press or otherwise as the commission may, in its discretion, determine to be advisable for the reasonable information and protection of the public."

Virginia's Blue Sky Law[1] is a comprehensive scheme for the protection of the state's investors. Securities can be offered for sale in the state only after the issuer obtains a permit.[2] To get it, the applicant must supply detailed information about its solvency, its earning record, and the nature of the securities.[3] Promoters may be required to supply a bond.[4] Applicants must appoint an agent, the secretary of the Commonwealth, to receive service of process.[5] Only after proof of their good character and financial responsibility are security salesmen licensed.[6] After issuance, the state Corporation Commission is authorized again to investigate the issuer with an eye to possible revocation of its permit.[7] These are the high points of the comprehensive regulation which Virginia seeks to apply to appellant.

That the business of insurance is interstate commerce is established by *United States v. South-Eastern Underwriters Assn.*, 322 U. S. 533. Any doubts about the power of a state to exclude an interstate insurance company which refuses to comply with its regulatory laws were dispelled by the passage of the McCarran Act. 59 Stat. 33, 15 U. S. C. § 1011–1015. See *Robertson v. California*, 328 U. S. 440, 461, 462.

Power to Regulate

The requirements of due process do not, in my opinion, preclude the extension of Virginia's regulatory scheme to appellant. I put to one side the case where a policyholder seeks to sue the out-of-state company in Virginia. His ability to sue is not necessarily the measure of Virginia's power to regulate, as the Court said in *Old Wayne Life Assn. v. McDonough*, 204 U. S. 8, 21. It is the nature of the state's action that determines the kind or degree of activity in the state necessary for

[1] Acts of the General Assembly of Virginia, 1928, c. 529, p. 1373, as amended, Acts of 1932, c. 236, p. 434; Michie's Code of Virginia, § 3848 (47) et seq.

[2] Michie § 3848 (47).

[3] Michie § 3848 (51).

[4] Michie § 3848 (51) (r).

[5] Michie § 3848 (55).

[6] Michie § 3848 (50) (m).

[7] Michie § 3848 (53).

ALL FORMS OF AUTOMOBILE INSURANCE

WORKMEN'S COMPENSATION

UTILITIES
INSURANCE COMPANY
ST. LOUIS, MO.
1911 — 1950

AND

THE PREFERRED
FIRE INSURANCE COMPANY
TOPEKA, KANSAS
1917 — 1950

GENERAL LIABILITY INSURANCE

FIRE AND ALLIED LINES

satisfying the requirements of due process. What is necessary to sustain a tax or to maintain a suit by a creditor (see *Old Wayne Life Assn. v. McDonough, supra; Provident Savings Assn. v. Kentucky*, 239 U. S. 103, 114–116; Isaacs, An Analysis of Doing Business, 25 Col. L. Rev. 1018, 1024) is not in my view determinative when the state seeks to regulate solicitation within its borders.

Blue sky laws are a well-recognized exercise of the police power of the states. See *Hall v. Geiger-Jones Co.*, 242 U. S. 539, 552. The wiles of the salesman have been many; the devices to avoid state regulation have been clever and calculated. One of those who contested the constitutionality of the Michigan Blue Sky Law in *Merrick v. Halsey & Co.*, 242 U. S. 568, 573, had no place of business in the state and was not sending agents into it. The history of the various methods used to evade state regulation is too recent to require extended comment. Instrumentalities of interstate and foreign commerce were extensively employed by those beyond the reach of a state to sell securities to its citizens. See H. R. Rep. No. 85, 73d Cong., 1st Sess. 10. The Securities Act of 1933 (48 Stat. 74, 15 U. S. C. § 77a et seq.) was passed to fill the gap.[8]

A state is helpless when the out-of-state company operates beyond the borders, establishes no office in the state, and has no agents, salesmen, or solicitors to obtain business for it within the state. Then it is beyond the reach of process. In the present case, however, that is only the formal arrangement. The actual arrangement shows a method of soliciting business within Virginia as active, continuous, and methodical as it would be if regular agents or solicitors were employed. Cf. *Hoopeston Co. v. Cullen*, 318 U. S. 313.

Activities of Members

Practically all of appellant's business in Virginia originates with and is the result of the activities of its Virginia members. The recommendation of a member relieves an applicant of the duty of furnishing any reference. Though the old members are not designated as "agents," it "clearly appears," as stated by the Supreme Court of Appeals, "that the association relies almost exclusively on these activities of its Virginia members to bring about an expansion of its Virginia business." *Travelers Health Assn. v. Virginia*, 188 Va. 877, 887; 51 S. E. 2d 263, 267. This device for soliciting business in Virginia may be unconventional and unorthodox; but it operates functionally precisely as though appellant had formally designated the Virginia members as its agents. Through these people appellant has realistically entered the state, looking for and obtaining business. Whether such solicitation is

[8] By § 3 (a) (8) insurance policies issued by a corporation subject to the supervision of specified state agencies are exempt from this federal regulation. Section 18 provides that the Act does not affect the jurisdiction of any state agency over a security or a person.

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isolated or continuous, it is activity which Virginia can regulate. See *Hooper v. California*, 155 U. S. 648, 658.

The requirements of due process may demand more or less[9] minimal contacts than are present here, depending on what the pinch of the decision is or what it requires of the foreign corporation. See *International Shoe Co. v. Washington*, 326 U. S. 310, 316–319. Where the corporate project entails the use of one or more people in the state for the solicitation of business, in my view it does no violence to the traditional concept of due process to allow the state to provide protective measures governing that solicitation. That is all that is done here.

I cannot agree that this appeal is premature. Virginia has placed an injunction on appellants, an injunction which may have numerous consequences, e. g., contempt proceedings. There is an existing controversy—real and vital to appellants.

Mr. Justice Minton, with whom Mr. Justice Jackson joins, dissenting.

The State Corporation Commission of Virginia instituted the proceedings leading to the cease and desist order entered in the instant case under § 6 of the Virginia Securities Law. Michie's Va. Code, 1942, § 3848 (52). That section provides for service by registered mail upon persons or corporations offering securities through the mails or by other means of communication. After hearing, the commission is authorized to issue the order and to give it such publicity as the Commission considers desirable.

No Hurt Suffered

In this case no action has been taken under § 15 of the law which provides that violation of the statute is a misdemeanor and punishable by fine, or under § 17 which provides for the imposition of a fine upon failure to comply with a lawful order of the commission. Michie's Va. Code, 1942, § 3848 (61) (63). The commission has in no way attempted to enforce the order issued by the commission against appellants. Therefore appellants have not been hurt, and the question of due process is not reached. In the scheme of the statute, publicity appears to be the sole sanction of § 6. I know of no reason why Virginia may not go through this shadow-boxing performance in order to publicize the activities in Virginia and notify its citizens that appellants have not qualified under the Securities Law. That is all the commission says that it is doing or has the power to do under § 6.

The commission's view of the nature of this proceeding—a view reiterated by Virginia in its brief on the appeal to this Court—was stated in its opinion:

(Continued on the next page)

[9] As Mr. Justice Rutledge said in *Frene v. Louisville Cement Co.*, 134 F. 2d 511, 516, ". . . some casual or even single acts done within the borders of the sovereignty may confer power to acquire jurisdiction of the person, provided there is also reasonable provision for giving notice of the suit in accordance with minimal due process requirements."

New Hampshire

Rochester

Rochester, on the east bank of the Cocheco River, is a compact city, center of a prosperous industrial and farming area and natural gateway to the northern recreational section of New Hampshire. Although chartered in 1623, the town was slow to grow: fear of Indian raids discouraged settlements. The industrial development began in 1811 when Nicholas Varney Whitehouse introduced the English carding machine and began the Gonic Woolen Mills. The Civil War furnished the impetus for shoe manufacturing, still an important industry. A statewide event of outstanding interest is the Annual Fair in Rochester, held continuously since 1874, with booths displaying handicrafts and farm products. Also, good harness racing is a popular feature.

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MANCHESTER,
NEW HAMPSHIRE

GRANITE STATE
FIRE INSURANCE COMPANY
Incorporated 1885
PORTSMOUTH,
NEW HAMPSHIRE

"Respondents rely on the fact that their contacts with citizens of Virginia are by mail, that they are not doing business in Virginia and that they do not enter Virginia either personally or by agents. In setting up this defense they lose sight of the nature of this action. They are not charged with doing business in Virginia but with offering and advertising for sale and promoting the sale of insurance contracts in Virginia by mail and the action is to foreclose them from these activities. Whether the action will suffice to actually stop them is beside the point. It will suffice to put them on notice of pertinent laws of Virginia, to give them an opportunity to be heard and the state an opportunity to determine the facts, and, if, after hearing, a cease and desist order is issued, the commission will then be authorized to give such publicity to the order as it deems fit for the 'information and protection of the public.'"

"No word found in or inference derived from Section 6, aforesaid, may properly, in our judgment, be said to impose penalties upon the respondents. . . ."

"There is no element of compulsion except such as may flow from a dread of the publicity attending such an order. In such cases, the only weapon available to the Commonwealth is to publicly advise that the securities of the respondent do not bear the stamp of the state's approval and are being presented to the public without regard to the regulatory laws enacted to protect them. Section 6, supra, imposes no penalties, exacts no direct toll from those against whom its orders proceed. . . ."

Substituted Service

The question of substituted service on the Secretary of the Commonwealth is not here in any aspect. As far as appears, service in this manner is not authorized by the Virginia statutes except where the non-resident has opened and is conducting a place of business within the State. Michie's Va. Code, 1942, § 3848 (55)a. Up to this date Virginia has not claimed the power to require appellants, who do business in Virginia only by mail, to appoint the Secretary of the Commonwealth as their agent for service of process, nor have the courts of Virginia rendered judgment in a suit where service was made in that manner. I do not understand, therefore, what possible application the Court's reference to substituted service on the Secretary of the Commonwealth could have in this case. I would answer the question of due process when Virginia has attempted to apply its process to appellants in a proceeding that has consequences of a nature which entitle a person to the protection of the due process clause. See *Parker v. Los Angeles County*, 338 U. S. 327. I would, therefore, dismiss the appeal.

As stated, it seems to me that the majority opinion is saying that Virginia has more power than it claims in the instant proceeding. While Virginia has not attempted to do more than publicize the activities of appellants in the state, I read the majority opinion to intimate that under the service by registered letter Virginia might go further. The cease and desist order issued cannot validly compel appellants to designate the secretary of the Commonwealth as their agent for service of process, any more than it can constitutionally be considered as automatically accomplishing that result. An *in personam* judgment cannot be based upon service by registered letter on a nonresident corporation or a natural person, neither of whom has ever been within the State of Virginia. *Pennoyer v. Neff*, 95 U. S. 714; *Old Wayne Life Assn. v. McDonough*, 204 U. S. 8, 22–23.

If that may not be done directly, it may not be done indirectly. Certainly such service cannot be justified where its purpose is to make substituted service legal in the future. These non-residents cannot be brought in through service by registered mail and compelled to designate the secretary of the Commonwealth as their agent for service of process so that thereafter service may be effected upon such non-resi-

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dents by serving the secretary. So to hold would allow the State to pull itself up by its own bootstraps.

How Many Contacts?

Service by registered mail is said by the majority to be sufficient where the corporation has "minimum contacts" with the state of the forum. How many "contacts" a corporation or person must have before being subjected to suit we are not informed. Here all of appellants' contacts with the residents of Virginia were by mail. No agent of appellant corporation has entered the state, nor has the individual appellant. The contracts were made wholly in Nebraska. Under these circumstances, I would hold that appellants were never "present" in Virginia.

"For the terms 'present' or 'presence' are used merely to symbolize those activities of the corporation's agent within the state which courts will deem to be sufficient to satisfy the demands of due process." *International Shoe Co. v. Washington,* 326 U. S. 310, 316–317.

As I understand the *International Shoe Co.* case, the minimum contacts which a corporation has in the state must be "activities of the corporation's agent within the state." There were such contacts by agents within the state in that case. Service was made, in addition to notice by registered letter, by personal service within the state upon one of those agents. Service on an agent within the jurisdiction would seem to me indispensable to a judgment against a corporation. It would seem to be a *fortiori* proposition that judgment could not be obtained against a natural person who was not available for personal service.

Enforcement

We are not dealing here with the power of Virginia to regulate the transaction of insurance business with its citizens, as was the case in *Osborn v. Ozlin,* 310 U. S. 53, and *Hoopeston Co. v. Cullen,* 318 U. S. 313. In the case at bar we are concerned only with how Virginia may enforce such power as it has. No question of the sufficiency of service was involved in either the *Osborn* or the *Hoopeston* cases, both of which were brought against some officer of a state. The question in those cases was whether the state had power, and not whether, having the power, it had also acquired jurisdiction of a defendant against whom a judgment could be rendered enforcing that power.

I would not attempt to instruct Virginia as to how to protect its citizens from these intruders from Nebraska. But I do not believe we should even intimate that judgments *in personam* may be obtained, by the simple process of sending a registered letter, against a corporation whose agents have never been in the forum where suit is brought, or against a natural person who is not personally served within the state.

Mr. Justice Reed and Mr. Justice Frankfurter, agreeing with the Court in reaching the merits, on the merits join this dissent.

FIRST MARINE POLICY... In the Middle Ages, business men contributed money to a speculative pool for the purpose of "underwriting" ships and cargo sailing for various ports and their return. The money deposited by the ships' owners was secured by the "polizza", or written promise, stating the terms of agreement and bearing the names of those indemnifying the owners in case of loss. When the speculation grew too large to be handled by a few, ship indemnification became a real business. The first recorded marine policy was dated September 20, 1547, and was drawn for the Santa Maria de Venezia sailing from Cadiz to London.

The National Union and Birmingham Fire Insurance Companies are ready to protect American shipping to and from any port in the world.

NATIONAL UNION and BIRMINGHAM

FIRE INSURANCE COMPANIES

PITTSBURGH Standard protection **PENNSYLVANIA**

DINEEN ACCEPTS NEW POST

ROBERT E. DINEEN announced on June 29 his retirement as Superintendent of Insurance of the State of New York as of July 1st. At the same time Edmund Fitzgerald, president of the Northwestern Mutual Life Insurance Company, announced the election of Mr. Dineen as vice president. Mr. Dineen will assume the newly created executive office with the company in July.

As vice president of the Northwestern Mutual, Mr. Dineen will assist President Fitzgerald in coordinating the insurance and underwriting sections of the company, including the actuarial, secretarial, underwriting and medical departments. His responsibility will be the development of company and interdepartment policy for consideration by the insurance and agency committee, the executive committee and the board of trustees.

Assuming his official duties in 1943, Mr. Dineen carried forward a vigorous and progressive program of legislation in his home state covering such subjects as the Commissioners' All-Industry Rating Law, the Fair Trade Practices Act, the Accident and Health Policy Approval Law, Uniform Service of Process Act, the Commissioners' Standard Ordinary Table of Mortality and the Commissioners' Reserve Valuation Method, Unemployment Disability Benefits and Motor Vehicle Security Funds.

In the field of administration he advanced procedures touching the valuation of securities, health and accident policy forms, regulation of unauthorized insurers, uniform accounting, multiple line underwriting, improvements in methods by which fire insurance rates are made and many other subjects of equal importance. The broad, constructive research into many phases of the insurance structure resulted in improvements of great importance during a period when the searchlight of public opinion was thrown upon the business of insurance. Insurance research and examining staffs were

greatly strengthened, thus bringing about improved and more revealing reports of examination.

On the national level Mr. Dineen's influence continued to grow throughout the seven years of his service. Holding various offices and committee chairmanships of the National Association of Insurance Commissioners, he became its president and served with distinction during 1947 and 1948. His judgment, industry and perseverance contributed immeasurably to the stabilization of state supervision following the South-Eastern Underwriters decision and the threat of Federal regulation.

Superintendent Dineen took a most influential part in drafting model rating laws enacted in practically all of the states as well as other legislative measures necessary to thwart application of the Federal commerce acts to the business of insurance, his principal aim being to strengthen supervision at the state level. Among many other important responsibilities which he assumed as Superintendent of Insurance was participation in drafting the commissioners' text which was the foundation of Public Law 15.

Practically all of the Dineen projects in New York state have had broad national implications, and while in the field of insurance administration and legislation his efforts were directed mainly to the strengthening of insurance supervision in the State of New York, he took great care to integrate New York State activities with those of the National Association of Insurance Commissioners.

Viewing his tremendously active and influential career in retrospect, one is impressed as much by the pattern of his administration as by the substantial sum of his accomplishments. Strict integrity and personal honor, unflagging courage, fidelity to the public interest, exhaustive study and knowledge of the facts and stubborn adherence to unqualified and impartial assistance marked his career as an example of public service in its highest form.

The insurance industry may well be pleased to add Superintendent Dineen to its roster of distinguished executives. The test of its strength against ideologies alien to business enterprise and American freedom is yet to be settled. As a champion of private enterprise and competition, Dineen will add much to the future of the business of insurance.

Acceptable Insurance Appraisals for 51 Years

The Manufacturers' Appraisal Company

Established 1899

Executive Offices:

Philadelphia—Manhattan Building; *Cleveland*—Plymouth Building.

District Offices:

New York City, Boston, Pittsburgh, Detroit, Chicago, St. Louis, Cincinnati, Albany.

ON-THE-SPOT SERVICE

INSURANCE and insurance men are good to have around before trouble starts. Also, when it begins. Stanley Hartley of Centralia, Missouri, an agent of The America Fore Group, and fieldman Murry Davis proved this when, as Mr. Hartley says: "We were at the right place at the right time!"

The men had just driven up to the farm of John Schindler in the Centralia area prepared to adjust a windstorm loss which had occurred a few days before. As they stopped, Mrs. Schindler ran out frantically waving her arms and calling for help to put out a fire which had just started in a smokehouse near the tenant residence.

Mr. Hartley and Mr. Davis formed a hose and bucket brigade and fought the fire for forty-five minutes, saving the smokehouse and the adjoining residence. Then, giving on the spot service, they adjusted the windstorm and fire damage.

ACTIONS ON POLICIES

THE deductible fire insurance plan submitted by the Chubb & Son fleet has been approved by the New York Insurance Department.

The North Carolina Insurance Department has approved, for all risks for the personal property of automobile manufacturers away from factory or assembly plant premises, the Aetna Insurance Company's Automobile Manufacturers' Output Policy and rating plan. No opposition was offered at the hearing. The policy, however, was disapproved in Massachusetts.

The hearing in Massachusetts on the so-called Escott plan for rating multiple location fire risks has again been postponed, this time until September 13. The department has ruled that the plan cannot be used until a decision on the hearings is reached. The filing by the New England Fire Insurance Rating Association of the plan has been disapproved by the Rhode Island Insurance Department. It was held that the plan does not meet the requirement of the regulatory law that rates be "not unfairly discriminatory."

This is one of a series of advertisements appearing regularly in leading newspapers throughout the country.

Things every Insurance Buyer should know—No. 39

THE ATLANTIC COMPANIES · ATLANTIC MUTUAL · CENTENNIAL · 1942

ROAD OPEN—

Better Insurance Ahead!

If you are a property owner with insurance problems, you can expect important and beneficial changes in the future . . . *fewer gaps in coverage* . . . *simpler policies* . . . *more comprehensive insurance* . . . *lower over-all cost.*

Wishful thinking? Not at all. These improvements are very real possibilities today because of the growth of something called *multiple-line insurance.*

Until recently most states restricted insurance companies in the number of different kinds of insurance each could write. Thus a fire company could not write casualty insurance, and vice versa.

The combined efforts of insurance companies, property owners and insurance commissioners to create a better insurance "product" have led many states to lift the most severe restrictions by granting *multiple-line powers.* These powers permit a single insurance company to write all kinds of insurance except life and annuity. Radical changes under the new laws won't come overnight, but eventually *multiple-line insurance* is certain to bring property owners many distinct advantages.

* * *

If you are interested in learning more about multiple-line insurance what it is and how it will benefit you send for a copy of our booklet, *"The Road to Better Insurance"*. It will be mailed without cost. Simply ask for Booklet A.

THE ATLANTIC COMPANIES

ATLANTIC MUTUAL INSURANCE COMPANY
CENTENNIAL INSURANCE COMPANY

Home Office: 49 Wall Street, New York

Baltimore · Boston · Chicago · Cincinnati · Cleveland · Dallas · Detroit
Grand Rapids · Houston · Los Angeles · Newark · New Haven · Oakland
Philadelphia · Pittsburgh · Portland · St. Louis · San Francisco · Seattle · Syracuse

Marine, Fire, Inland Transportation, Yacht, Property Floaters, Automobile and Casualty Insurance

Why agents represent AMICO...

AMICO *represents sound merchandising support...*

The introduction of AMICO'S new, low-cost Family Polio policy is an example of the type of merchandising support AMICO gives its agents. The Polio policy program has been designed to give maximum local sales effectiveness through a complete array of merchandising aids supported by national advertising and tie-in materials.

These include newspaper ad mats to tie-in locally with AMICO'S national advertising campaign, recorded and mimeographed radio announcements, window display cards, posters, point-of-sale folders, direct mail pieces and letterhead stickers.

Although the campaign has just begun, AMICO representatives already have sent out more than 100,000 direct mail pieces and have used a quarter of a million promotion and advertising pieces in their local sales efforts.

American MOTORISTS INSURANCE COMPANY

James S. Kemper, *chairman* H. G. Kemper, *president*

Sheridan Road at Lawrence Avenue Chicago 40

Edited by THOMAS E. LIPSCOMB of Thompson, Hine and Flory, Cleveland

Fire Insurance—Damage to Plumbing and Radiators Caused by Frozen Water, Held to be Loss Resulting from an Explosion

Mork v. *Eureka-Security Fire & Marine Ins. Co.*, (1950, Minn.) 42 N. W. 2d 33

Plaintiffs were the owners of a residence property in the City of St. Paul, Minnesota. A fire policy issued on the dwelling by the defendant contained an extended coverage endorsement in the following language: "***** the coverage of this policy is extended to include direct loss or damage by ***** explosion."

The house was heated by an oil-burning hot water system. While the plaintiffs were temporarily absent from their home for a few days, a leak occurred in a hot water coil in the furnace. This permitted the leaking water to come into contact with hot fire brick which lined the furnace. This created enough steam to blow open the furnace door. The oil burner ceased operating, and the water in the radiators and in some of the plumbing was frozen, and considerable damage resulted.

A board of arbitrators or appraisers, selected in accordance with the provisions of a Minnesota statute, and also in accordance with the provisions of the policy, after determining the amount of the loss, also made a finding that the loss was not covered by the policy, as it had not been directly caused by an explosion.

The Supreme Court of Minnesota held that the finding of the appraisers with respect to the coverage was a nullity, as it was not within their province to decide this question of law. The court then proceeded to hold that the damage from the freezing was a direct result of the explosion. In arriving at its decision, the court relied upon two earlier Minnesota decisions which have been cited and followed in other jurisdictions: *Ermentrout* v. *Girard Fire & Marine Ins. Co.*, 63 Minn. 305, 65 N.W. 635, 30 L.R.A. 346, and *Russell* v. *German Fire Ins. Co.*, 100 Minn. 528, 111 N.W. 400, 10 L.R.A. (N.S.) 326.

In the *Ermentrout* case, the coverage clause involved "all direct loss or damage by fire." No fire occurred in the insured building. It was in an adjoining building which caved in and took with it a wall of the insured building. It was held that the damage sustained was a direct loss by fire. In the *Russell* case, the fire involved was also in an adjacent building, which left a brick wall of that building standing without support. Several days later, a strong wind arose and the brick wall toppled over onto the insured building, causing damage. It was likewise held that the damage to the insured building was a direct loss by fire.

Automobile Collision Insurance—Policy Covering a Truck Chassis Held Not to Include a Concrete Mixer Affixed to the Chassis After Issuance of the Policy

Moore v. *American Ins. Co. of Newark, N. J.*, (1950, Ga. App.) 58 S. E. 2d 197.

The defendant issued its policy of collision insurance to the plaintiff covering a truck chassis. The property insured was described in the policy as a new chassis of the value of $5,782.80. The policy contained the following provision: "The word 'automobile' as used herein shall also include its equipment and other equipment permanently attached thereto."

After the issuance of the policy the insured installed a concrete mixer on the chassis. It was valued at about $4,000. The mixer was both bolted and welded to the chassis. An accident occurred in which the concrete mixer was totally demolished. The insurer denied liability for the loss on the ground that the policy did not cover the concrete mixer.

Suit was later filed and in the trial court a motion of the defendant for a non-suit against the plaintiff was granted. On appeal the decision of the trial court was affirmed. In holding that the policy covered only such equipment as was affixed to the chassis at the time of the issuance of the policy the Court said:

> ". . . So construing the clause in question, 'its equipment and other equipment permanently attached thereto,' it would be taxing credulity too severely to say that the insurance company, for premium of $110, was not only insuring the chassis and its equipment, then valued at $5782.80, but was leaving the door wide open for the installation of other equipment at some uncertain time in the future, no matter how elaborate and costly, and obligating itself to pay for any loss by reason of collision or upset. To make the application more definite in the present case, such a construction would mean that for a premium of $110, based on a valuation of $5782.80, the company was agreeing to indemnify the insured for loss, by reason of collision or upset, in an amount representing the combined value of the chassis and its equipment

(Continued on the next page)

at the time of the issuance of the policy *and* the concrete mixer subsequently installed upon the chassis, and of the value of $4000, or a total liability of $9782.80. To attach to the language such a meaning would be to extend it beyond what is fairly within its terms and to impute to the insurer an intention which is not even implied."

Automobile Liability Insurance—Misrepresentation with Respect to the Previous Suspension of a Driver's License, Held to Void Policy Ab Initio

Allstate Ins. Co. v. Miller, (1950, Calif.) 216 P. 2d 565.

The application for an automobile liability policy contained the following question and answer which was declared by the policy to constitute a warranty on the part of the insured:

"Has any automobile license, or permit to applicant or to any of his household to drive an automobile ever been suspended, revoked or refused? Answer: 'No.'"

Six months prior to the signing of the application the applicant's driving license had been suspended for "drunk driving." This fact, of which the insured was well aware, was unknown to the insurer and the policy was issued. Several months later, after the insured had been involved in an accident in which several persons were injured, the insurer learned of the falsity of the declaration. Immediately upon this discovery the insurer disclaimed liability and instituted an action for a declaratory judgment to have the question of liability judicially determined. The Court in holding for the insurer applied the rule that when a statement in an application for insurance is declared by the policy to be a warranty, and the insured declares the statement is absolutely true, the falsity of such statement voids the policy *ab initio*.

TWENTY-FIVE YEARS
of PROGRESSIVE DEVELOPMENT
enables COMMERCIAL STANDARD
to offer to selected agents
in selected territory its
Multiple Line facilities:

Automobile (All Coverages)
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Burglary
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FIRE, TORNADO, INLAND MARINE

COMMERCIAL STANDARD
Insurance Company
FORT WORTH, TEXAS
NO STANDARD HIGHER THAN COMMERCIAL STANDARD

RECENT COURT DECISIONS

THE New York Supreme Court has held that a broker may retain his commission on a cancelled policy when the cancellation is not due to any action of his and where there are no agreements covering the matter. In the case in question, two fixed premium policies were cancelled, one by the insurer and the other by the policyholder.

Coinsurance

The New York Court of Appeals has ruled unanimously that the second paragraph of the New York Standard Average Clause (which waives special appraisement of undamaged property when the aggregate claim is both less than $10,000 and less than 5% of the total insurance) is not a waiver of the coinsurance clause. The case grew out of a fire in the old New York Life Insurance Company building which caused a loss of a little more than $6,000. Insurance carried amounted to $500,000, while the appraised value of the building was $1,600,000. The life insurance company maintained that the 80% coinsurance clause included in the policy was not operative on such a small loss.

Auto Dealers

Two conflicting decisions on the insurance activities of automobile dealers were handed down last month. The Indiana Supreme Court held that retail automobile dealers may not participate in the sale of insurance unless they are licensed insurance agents. In Michigan, on the other hand, a Supreme Court decision held dealers could perform certain duties in the procurement of insurance. In the later case the dealer obtained insurance for the buyers through a local insurance agency.

Vocational Guidance

"Now, I want Albert to have a thoroughly modern and up-to-date education," says his mother, "including Latin."

"Yes, of course," said the headmaster, "though Latin is, as you know, a dead language."

"Well, all the better. Albert's going to be an undertaker."

QUIZ of the MONTH

The following questions and answers are from the examination for the General Insurance Educational Course given at the School of Insurance of the Insurance Society of New York. Additional questions on this subject will appear in our August issue.

1. (a) During World War II the War Damage Corporation was formed because it was agreed that stock and mutual companies' financial structures could not assume the risks involved. What are the four fundamental tests usually applied in situations of this sort to determine whether the hazard is insurable by insurance carriers?

(b) In some aspects insurance on crops against hazards of windstorm and hail does not meet all of those four tests and yet hail insurance is written by some insurance carriers. Compare war damage and hail insurance and explain why hail insurance is considered an insurable hazard and war damage is not.

(a) Tests applied would be:

1. Exposure units large in number and homogeneous so that the law of large number can apply.
2. Loss definite as to time and place.
3. Loss fortuitous and accidental.
4. Loss should not produce catastrophic results.
5. Loss should be measurable.

(b) Although hail damage to crops is confined to certain sections of the country in order to determine experience as to risk and exposure:

1. We could not aptly say that the law of large numbers applied, as the field of exposure and spread of the risk among the many is limited.
2. Loss of crops would be definite in time and place.
3. Loss would most certainly be fortuitous and accidental. Hail cannot be produced. It's an act of God.
4. Loss could produce catastrophic results but an insurance company never writes this on a full coverage basis. The insured must bear part of the loss himself. It is written on a percentage basis.

War damage as compared to hail insurance:

1. No experience on war by any carrier. Exposure units would certainly be large and homogeneous, but the law of averages could not be applied.
2. Loss would not be definite in time and place.
3. Loss would not be fortuitous—accidental. The intent behind the loss is to destroy and the act is deliberate.
4. The loss would be catastrophic.

2. After the S.E.U.A. case many advocated that the Federal government take steps to regulate the insurance business in its entirety. Discuss the authority under which the Federal government could regulate the insurance business and state several reasons for or against federal regulation.

Under the decision of the Supreme Court in the S.E.U.A. case of 1944, insurance:

(a) Was held to be in interstate commerce. In this case, contrary to many past decisions, the Court held that the South Eastern Underwriters Association, which was being sued as being in restraint of trade and insurance carriers in general were engaged in interstate commerce. Congress, under the Constitution has always had the authority to regulate interstate commerce, and under the Sherman Anti-Trust Act and various other Fair Trade Acts does regulate large sections of industry to promote fair trade and prevent restraint of trade. Under Public Law 15, 1944, Congress gave to the states the right to regulate the insurance industry in order not to upset long-standing customs and fair practices, with the reservation, however, that if the states fail to pass sufficient supervisory legislation or fail to exercise sufficient supervision, in accordance with the views of the Congress, then Congress will pass legislation empowering the Federal government to regulate insurance.

(b) Several reasons advanced for Federal regulation:

1. More efficient regulation, with only one regulatory body rather than forty-eight.
2. Simplify procedure and reduce "red tape."
3. It would remove many of the complexities of the present involved procedures.
4. Make for simpler policies and more equitable rates.
5. Make supervision standardized and adequate throughout the country, rather than the present situation of "strict" states and "lenient" states.

(c) Against Federal regulation:

1. Insurance can be adequately regulated by the states, and under "model" laws is being regulated fairly and efficiently.
2. Various state commissioners and regulatory bodies are better able to know the conditions . . . problems within their states than a central body in Washington.

(Continued on the next page)

3. Will lead to more "red tape" and confusion.

4. Will lead eventually to Government ownership of the insurance industry.

3. (a) From the facts shown below reconstruct a financial statement for this fictitious insurance company and determine the surplus account (surplus over liabilities):

1. Reserve for unearned premiums	*$15,000,000*
2. Reserve for losses—current losses not yet due and in process of adjustment.	*4,000,000*
3. Cash in offices and banks.	*1,600,000*
4. Reserve for contingencies—unusual or catastrophic occurrences	*1,500,000*
5. United States Government securities	*21,500,000*
6. Corporate and other bonds	*1,300,000*
7. Reserve for Federal, state and other taxes	*1,700,000*
8. Preferred and common stocks	*4,600,000*
9. Real estate (home office building and several real properties in course of sale)	*1,600,000*
10. Contingency reserve for excess of Insurance Dept. values of securities over December 31 actual market values	*400,000*
11. Capital stock	*1,500,000*
12. Surplus	*6,500,000*

(b) What is the amount of the policyholders surplus?

(a)

ASSETS

Cash, etc.	$ 1,600,000
U. S. Gov't securities	21,500,000
Corporate and other bonds	1,300,000
Preferred and common stocks	4,600,000
Real estate, etc.	1,600,000
Total	$30,600,000

LIABILITIES

Reserve for unearned premiums		$15,000,000
Reserve for losses, etc.		4,000,000
Reserve for taxes		1,700,000
Contingency reserve—securities		400,000
Capital stock	$1,500,000	
Reserve for contingencies	1,500,000	
Surplus	6,500,000	
Policyholders surplus		9,500,000
Total		$30,600,000

(b) Policyholders surplus, $9,500,000.

4. "A" manufactures heavy machinery which is sold for South America trade. A tractor fully crated arrives at destination in damaged condition (parts broken) although no heavy seas were encountered during the overseas voyage. In checking the policies you found that an inland marine transportation policy insured the shipment to the port of debarkation and this was the usual all risks transit form. The overseas voyage was insured under a marine cargo policy providing for F.P.A.E.C. conditions, the policy attaining F.A.S. the vessel. "Clean bills" were issued at all points of transshipment. You are called in to counsel the insured.

(a) What steps would you take to determine under which policy the loss should fall, if any?

(b) What does F.P.A.E.C. mean and of what importance is it in this case?

(c) What does F.A.S. mean?

(d) Describe a clean bill.

(e) What would you recommend finally as to the type of policy or policies that the insured should purchase to be better protected? Cite authorities or bases for your recommendations.

(a) 1. An attempt should be made to discover if any accidents had occurred during the inland transit.

2. The extent and amount of the damage should be determined.

3. The ship's log should be examined.

4. In view of the clean bill, however, the chance of collecting from the inland carrier would appear to be nil, and, therefore, all efforts should be concentrated on the ocean carrier.

(b) "Free of average under 3% unless the vessel be stranded, sunk, burnt, on fire or in collision." Thus, if the vessel had been subjected to any of the aforementioned perils, the loss would be recoverable in full. If it had not, the amount of the loss would have to exceed 3% of the declared value in order to be collected in full.

(c) Free along side. The sender pays the freight to the side of the ocean carrier in this instance.

(d) A clean bill means that the carrier acknowledges receipt of the goods and agrees that they are in good order when received, which would make him liable for any damage discovered subsequently.

(e) A "warehouse to warehouse" policy would cover the goods under one policy from the time they left the manufacturer until delivered to the consignee. By the use of such a policy one insurance company alone would be liable and could take subrogation for what it might be worth against any one of the carriers.

THE

Invisible Armor of Comprehensive National Surety Protection!

Fidelity and Surety Bonds
Blanket Bonds
Liability Insurance
Workmen's Compensation
Inland Marine
Burglary

Safety & FIRE CONTROL

IN INDUSTRY • ON THE HIGHWAY • IN THE HOME

WORKERS WERE SAFER

AMERICAN workers were a lot safer in 1949, according to a report of the National Safety Council. Industrial injury rates for last year, released in advance of the 1950 edition of the Council's annual statistical yearbook, "Accident Facts," shows a substantial reduction in both the frequency and severity of 1949 accidents as compared with 1948.

	Frequency	% Change from 1948
Communications	2.14	—18
Aircraft Manufacturing	4.25	— 7
Electrical Equipment	4.83	—13
Steel	4.96	—15
Rubber	5.10	—39
Cement	5.18	—24
Chemical	5.72	—24
Tobacco	5.97	—23
Automobile	6.35	—25
Service	6.37	—29
Printing & Publishing	6.77	—31
Misc. Manufacturing	7.43	—16
Textile	7.88	—10
Glass	7.98	—17
Railroad Equipment	8.35	+10
Wholesale & Retail Trade	8.69	—16
Sheet Metal	8.84	— 9
Shipbuilding	8.86	—13
Storage & Warehousing	10.14	—18
Petroleum	10.54	—14
Machinery	10.79	—16
Pulp & Paper	11.62	—23
Non-Ferrous Metals & Prod.	11.91	— 2
Iron & Steel Products	12.40	—11
Meat Packing	12.74	—29
Air Transport	12.97	—14
Foundries	13.87	—34
Electric Utilities	14.02	— 5
Leather	14.08	— 9
Transit	15.56	—14
Food	16.05	—11
Quarry	17.43	— 9
Gas Utilities	17.92	—10
Construction	19.48	0
Clay Products	22.33	+14
Woodworking	23.25	— 8
Marine Transportation	24.45	— 7
Mining, other than Coal	33.63	—17
Mining, Coal	41.48	—10
Lumber	47.72	— 3
ALL INDUSTRIES	10.14	—12

Thirty-eight of the 40 basic industry classifications reduced their frequency rates, and 28 reduced their severity rates.

The accident frequency rate for employees in all industries submitting reports, based on the number of disabling injuries per 1,000,000 man-hours, was 10.14 in 1949—a reduction of 12 per cent from the year before.

The communications industry again led all other industries by turning in the lowest employee frequency rate. Its rate was 2.14—an 18 per cent reduction from 1948. Aircraft manufacturing again ranked second with 4.25, followed by the electrical equipment industry with 4.83 and steel with 4.96.

Lumbering stayed at the bottom of the frequency list in 1949, with a 47.72 rate, but this represented a 3 per cent reduction. Although coal mining reduced the frequency of its accidents 10 per cent, it could not climb from the next to last position with a 41.48 rate. Mining other than coal was third from the bottom, just below marine transportation.

The accident severity rate for all industries reporting to the Council, based on the number of days lost per 1,000 man-hours, was 1.02 last year—a reduction of 9 per cent from 1948.

Communications also had the lowest severity rate, leading all other industries with a rate of .15—a 17 per cent drop from 1948. Printing and publishing came up from fourth place in 1948 to tie for second in 1949 with a substantial 47 per cent reduction to give it a rate of .23. The tobacco industry equalled this rate, even though it showed a 21 per cent increase.

In terms of severity, coal mining once more stayed at the bottom of the list, with the highest accident severity rate of 6.84. This, however, was a 10 per cent reduction. Mining other than coal achieved a 27 per cent reduction in severity rate to move up a notch ahead of lumbering, which finished next to the bottom with a 4.67 rate.

	Severity	% Change from 1948
Communications	.15	—17
Printing & Publishing	.23	—47
Tobacco	.23	+21
Service	.30	—63
Wholesale & Retail Trade	.38	+73
Air Transport	.38	—80
Electrical Equipment	.38	—16
Aircraft Manufacturing	.40	— 9
Glass	.46	— 4
Leather	.46	— 4
Rubber	.51	—22
Textile	.57	— 2
Automobile	.57	—12
Chemical	.60	—33
Misc. Manufacturing	.63	+13
Storage & Warehousing	.64	+16
Sheet Metal	.69	—23
Machinery	.73	—13
Transit	.76	—22
Iron & Steel Products	.89	—13
Food	.90	—17
Gas Utilities	.99	—11
Pulp & Paper	1.03	—10
Petroleum	1.03	—11
Meat Packing	1.20	+90
Shipbuilding	1.28	+15
Woodworking	1.32	—13
Foundries	1.43	—18
Steel	1.49	—10
Non-Ferrous Metals & Prod.	1.54	+18
Railroad Equipment	1.62	+29
Marine Transport	2.09	— 9
Construction	2.15	—16
Cement	2.21	—19
Clay Products	2.33	+47
Electric Utilities	2.37	+12
Quarry	4.02	+19
Mining, other than Coal	4.63	—27
Lumber	4.67	+ 1
Mining, Coal	6.84	—10
ALL INDUSTRIES	1.02	— 9

ARE YOU FILING DOLLAR$ AWAY?

AMERICANS are buying *more* and *more* household necessities and conveniences.

This buying avalanche means more and more Dwelling Contents *not* fully insured under old policies.

There is a big market here for you—just as there was on increased building values not so long ago—and three big helps are already working for you:

1. Every purchase made recently spotlights the big increase in prices over 10 years, 5 years, even a year or two ago—your policyholders realize fully the *increase* in values.

2. The accumulated additions of home furnishings, equipment and appliances are substantial in value—your policyholders *want* their new things protected.

3. You already *know* your policyholders and their insurance situation—your policyholders are a ready-made prospect list.

So clearly is increased coverage on Dwelling Contents needed—and wanted—that you will often need only a telephoned reminder call before renewal . . . and that means more premiums for you, adequate protection for your clients.

National of Hartford Group

NATIONAL FIRE INSURANCE COMPANY OF HARTFORD
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MEMBER THE ASSOCIATED AVIATION UNDERWRITERS

OFFICE METHODS AND EQUIPMENT

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Evaluating Insurance Jobs—Elizabeth Lanham 63
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Office Equipment Directory 78

Modern aids to . . .

AIRE-TABLE

A NEW different type of air circulator is this attractive all steel unit introduced by Maso Steel Products. It does double duty as an office cooler and as a general utility table. The fan blades, quiet in operation, are of safe flexible rubber and are available in 10" or 12" models. Since no guards are necessary, there is greater air delivery and distribution. The table is 12½" in diameter and 13½" high, finished in gray or walnut.

July, 1950

To BEST'S INSURANCE NEWS

Please forward complete information and prices on the items checked.

- ☐ Aire-Table
- ☐ Photo Copying Machine
- ☐ Card Record Desk
- ☐ Wireway Secretary
- ☐ Snaporator

Firm Name .....

Attention of .....

Position .....

Firm Address .....

City .....

PHOTO COPYING MACHINE

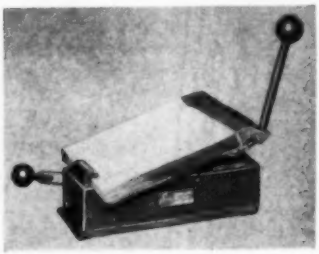
THIS semi-automatic photo-copying machine operates on a continuous flow principle and is said to produce photo-copies faster than any machine of its type (up to five prints a minute). No darkroom is required and paper rolls may be changed in daylight without danger of exposure to light. The timing and print transport mechanisms are automatic as is the conveyor which feeds prints through the developing tank into the hypo tray. Manual print handling and agitation is eliminated. Material up to 36" x 48" can be accommodated and reductions of one-half or enlargements to twice original size are possible. The Haloid Company is the manufacturer.

CARD RECORD DESK

THE General Fireproofing Company states that this new card record desk, lower, wider and deeper than previous models, has a much larger capacity and can be worked faster than other types of card cabinets. The cabinets are extremely flexible as the posting table moves easily and can be placed in any desired position. It can be attached between two cabinets as shown or furnished with legs on one side and attached to a cabinet on the other. The cabinets themselves can be grouped in various positions.

WIREWAY SECRETARY

THE magnetic wire recording dictation machine manufactured by the Wireway Corporation of America features a very slow moving wire which is said to eliminate the possibility of wire breakage. The remote control mechanism on the microphone permits control by the dictator of the flow of the wire. A foot switch allows the transcriber to start and stop the recording and to rewind to rehear the last one or two words of a previously typed line. An index counter allows the transcriber to predetermine the length of the material to be typed. Two hour dictation on one spool, automatic erasing at no additional cost and dictating volume indicator are other features of the machine.



SNAPORATOR

THIS precision engineered machine is designed to automatically snap apart a stack of one-time carbon interleaved forms. A gripping clamp and rocker jaws work with a smooth continuous movement to avoid torn forms and minimize the wasted time and fatigue of snapping forms apart by hand. Adjustment to any size form can be made by turning a screw on the body of the machine. Manufactured by Printline Company, Inc., it weighs 8 pounds and is 4¼" wide by 12" long.

EVALUATING INSURANCE JOBS

Installing the Program

ELIZABETH LANHAM, Ph.D.
Asst. Professor of Management,
College of Business Administration,
The University of Texas

IN THE preceding article of this series, the bases for selecting a particular rating system were discussed. Also, the rating plans used in the insurance field and the reasons for their choice were indicated.

After the specific system has been decided upon, a company is then confronted with the problem of determining the procedures to follow in putting the program into effect. Obviously, particular details of installation will vary among different organizations. However, a review of the current practices of other insurance companies as found in a recent survey may serve as a guide for your company to follow.

Assignment of Responsibility

One of the first problems requiring a decision by a company which has decided to install job evaluation is the assignment of the responsibility for directing the installation of the plan. Three widely used choices are available for consideration. A company may use its own employees, a management consulting firm, or its own employees aided by a management consulting firm.

The use of company employees without any assistance from a consulting firm has been the practice most frequently followed in the insurance field since 50 per cent of the firms cited this plan. The next most popular method was to hire a consulting firm to assist company employees in installing the plan. The use of a management consulting firm alone was not popular at all since only two concerns utilized this agency.

The majority of the companies in this study stated that they chose their own employees primarily because they had workers who were well-qualified to perform this task and also because their own employees knew the company better than an outsider would. These companies also appeared to believe that they could secure better acceptance and understanding from their employees if the plan was executed by members of their own organizations. Less suspicion and doubt about the program was also given by a number of companies as a reason for choosing company employees to install the program.

This is the second of a series of articles on the evaluation of jobs in insurance companies. The first, which appeared in our June issue, dealt with the selection of a system of evaluation. The conclusions are drawn from the results of a survey of sixty-six insurance companies, about half of which were life and the other half fire and casualty.

These companies have assigned those responsible for installing the program to the personnel department or the personnel department combined with some other department within the company in the majority of cases. Over 62 per cent of the firms assigned the group to the personnel department, and 12 per cent have used the personnel department combined with a planning department or an executive department. In the remaining cases, some area other than personnel was used but no one area was significant.

The over-all direction and coordination of the program of job evaluation is usually concentrated in the hands of one individual since 70 per cent of these firms state that this was the case.

Job Analysts

Job analysts usually are chosen to secure job facts and write job descriptions. Seventy per cent of the companies assign these duties thusly. However, 40 per cent of these firms have their job analysts also assist in rating jobs. In one instance, a

(Continued on page 76)

COPY PREPARATION

A NEW means for high-speed, low-cost production of printed directories, catalogues and lists of many kinds is now being marketed by Remington Rand Inc. Called Flexoprint, the new system eliminates the expense and delays resulting from metal typesetting, and instead allows all copy to be set by regular office typists. The list may be maintained as a daily, routine operation, ready for publication at any time.

How It Works

The substance of the system is this: listings are typed on the margins of specially die-cut cards, which are then proofread and attached to metal panels so that only the typed, overlapping margin of each card is visible. Changes, the major cost factor in list maintenance, are accomplished simply by adding or deleting cards. At publication time the panels, each representing a page, are locked up and reproduced either by photolithography and offset printing or by photo-engraving and letterpress.

Any typewriter that is equipped with a carbon ribbon and a suitable card-holding device may be used although electric typewriters are preferable because of the even type impression they afford. Only the initial proofreading is necessary, since all subsequent operations are photographic. And because the list may be changed simply by adding or removing cards, there is no necessity to risk disfiguring the photographic reproduction by patching typewritten pages with scissors and paste.

Though the system has been successfully used for over ten years for the parts lists of the Ford Motor Company, International Harvester, several other corporations and branches of the Federal Government, Remington Rand has only recently tooled up to supply standardized equipment on a large scale. A handsome 24-page booklet gives full information on how Flexoprint works —from the first step of typing cards through the final publication of the catalogue or list. One section of the brochure is devoted to answering nine of the questions most frequently asked about Flexoprint, its practicability and advantages over conventional methods of list preparation.

The informative booklet, identified as KD-499, may be obtained at any Remington Rand branch office, or by writing to the company's home office at 315 Fourth Avenue, New York 10, New York.

ENTERS FOLDING FIELD

Mr. A. B. Dick III, president of A. B. Dick Company, has announced the company's entry into the paper folding machine field. "This action is a logical one for us," said Mr. Dick. "A paper folder is closely related to our mimeograph machine and supplies products and is a natural companion for them."

Referring to the paper folder, Mr. Dick explained that his company had purchased the assets from the stockholders of the dissolved Boblit Folder Company, Inc., of Jackson Center, Ohio. The Boblit Folder, renamed the A. B. Dick Folder Model 55, is an electrically driven, automatic feed machine capable of folding thousands of copies per hour of various weights and sizes of papers in many different types of folds. It is now being manufactured and will be distributed through the company's organization of mimeograph dealers.

LETTERS—OLD AND NEW

AN EXHIBIT tracing the evolution of the New York Life Insurance Company's correspondence through the last five decades of the Nineteenth Century ("Then and Now—New York Life Letters Since 1850") has been on display in the company's library. Unusual interest has been shown by home office staff members as well as by educators and professional business letter consultants.

Conceived by the public relations department as a part of an "Effective Letters" program begun last fall to improve the company's correspondence, the exhibition contrasts the letters of the Nineteenth Century with letters which are being written today. Cartoons, photos, advertisements and actual letters from the company's archives trace the changing fashions in business letter writing during the past century.

GETTING ALONG WITH PEOPLE

FEW people have solved the problem of getting along with their fellow-man. Many of the troubles and woes of the world today are due to a lack of understanding. Yet it should not be difficult to get along with people. A few basic rules will help you do so:

First, be a good listener . . . hear the other fellow's ideas. Second, be considerate . . . praise a man in public, but criticize in private . . . give credit where credit is due. Third, be consistent . . . be sure to give reasons . . . avoid force or "rough stuff." Finally, be cooperative . . . have confidence in other people and ask them for their advice and help. Keep your fellow workers informed on matters affecting their jobs . . . delegate responsibility and let others handle the details, for people carry out their own ideas best.

These rules work. They make your job easier. Getting along with your fellow-man swaps affection for hostility, and cheerful men improve on the job. Remember, if you can't get along with one man, it might be his fault. If you can't get along with many men, it's always your fault.

—*Petroleum Safety*

IT'S HERE!

A NEW VERSATILE MICROFILM READER!

Brings your micro-records to their point of use.

Use it where you *need it* – Glides noiselessly to stenographer's or executive's desk, from one department to another.

Lightning fast – Insert new film in less than 30 seconds, rewind 100′ roll in 15 seconds. Forward and reverse variable operating speeds can be controlled to meet all reference requirements.

Simple to operate – Fingertip switch controls speeds, convenient levers control focus and illumination – also permit detailed study of images. Turret can be rotated to view images at any desired angle. Can be used with any type of 16mm microfilm.

Unequalled clarity – Exclusive bonded screen, controlled illumination and coated lens produce exceptional viewing contrast.

Choice of two magnifications – Available in 20 to 1 magnification, 35 to 1 magnification, or both by simple exchange of lens.

For details get free booklet. Write Management Controls Reference Library, Room 1972, 315 Fourth Ave., New York 10.

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FILM-A-RECORD
Electronic
AO READER

Remington Rand

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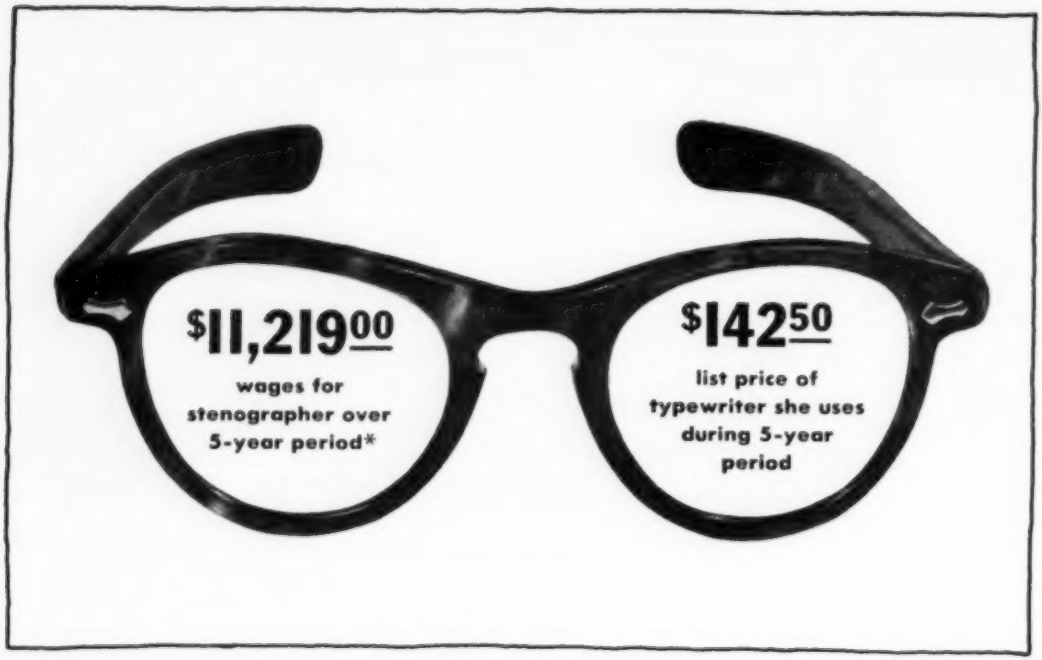

Have you looked into these facts of office economy?

Do you realize how much you pay an operator compared to how little you pay for the business tool she uses?

So doesn't it make sense to equip your typists and secretaries with up-to-date, efficient typewriters—the machine tools of the business office?

Look into these facts of business economy now. Remember that reliable, efficient typists and secretaries are worth their weight in gold. They deserve Gray Magic Royals.

You'll get better work—more work—and the special kind of morale that comes to people using that best of all typewriters—Royal.

Typists prefer Royals more than 2¼ to 1 over any other make. They have more time- and work-saving features than any other typewriter, plus these two Royal exclusives:

"Magic" Margin: The single greatest operator benefit ever invented! The easiest and quickest method known to set margins. Only Royal has it!

Finger-Flow Keys! Shaped to contour of finger tips, keys promote easier, faster typing and give extra finger clearance. Only Royal has them!

Royals spend more time on the job . . . less time out for repairs. They have built-in value which comes from the highest quality of workmanship and materials. Whatever your typing need, whether your work requires Standard or Electric Typewriters, Royals will lower unit costs by giving greater production. Try a Royal in your own office and let your own experience be your proof.

Your Royal representative is a specialist in the business-writing field. Call him today!

*Based on average salaries of general stenographers as reported by United States Department of Labor, 1949, for 18 large cities.

For the utmost in business efficiency and economy . . .

ROYAL

STANDARD and ELECTRIC

Made by the World's Largest Manufacturer of Typewriters

"Magic" is a registered trade-mark of Royal Typewriter Company, Inc.

AROUND THE OFFICE

GUY FERGASON

SOME time ago we received a very interesting and complimentary letter from Mr. Irving L. Greene, Director of Sales Promotion and Advertising, The Todd Company, Inc., Rochester, New York. Mr. Greene pointed out in his letter that his company had developed a means of utilizing the pay check stub as a medium of communication on the subject of fringe benefits. He pointed out, and we certainly agree, that management should keep its employees currently informed as to the extent and cost of fringe benefits paid for by the employer. He attached a release entitled, "Employers Urged to Tell Workers of Fringe Benefit Scope," and gave us permission to quote from the report.

We quote in part from Mr. Greene's report—"The average employee has been told little or nothing about this (fringe benefits and their cost). Easily incorporated into the pay check stub retained by the employee is information like this: *Average cost to your company for special benefits such as free health care, vacations, pensions, group insurance, social security payments, etc., is $6.70 weekly for each employee.* It is important today, more than ever before, that an employee know the worth of his job in terms of total benefits accruing to him, rather than the lesser cash amount available for spending (take home pay) during the ensuing week. Take a typical case where the gross pay or actual earnings amounts to $55.90. Fringe benefits in this case come to an average of $6.70 weekly per employee, which the employer has paid out, making a total of $62.60. Yet, the face of the check shows only $39.63 after the employer has acted on behalf of the employee and the Government as a collector of income taxes, Savings Bond payments—and the like. Fringe benefits have grown from relatively small beginnings until today they represent more than 15% of the average employer's payroll, covering more than 20 different kinds of disbursements on behalf of the employees . . ."

Thank you very much, Mr. Greene, for your letter and the article. I can only add "Amen" to your comments and hope that more employers will become aware of "fringe benefits," "take home pay" and the corollary problems, and will start telling their employees the employers' story.

EDITOR'S NOTE

This is one of a series of monthly comments concerning office problems. The items covered in this column have been selected because of their interest to our readers. If you have a question or a comment concerning office problems, Mr. Fergason will be glad to hear from you. Your name and your company will not be divulged if your letter is commented upon in this column. The opinions expressed are those of Mr. Fergason and not necessarily those of the editorial staff

Our subject for this month deals with suggestion plans. This subject was raised by several readers. It is a tremendously interesting and challenging subject.

Why have suggestion plans? Is it not reasonable to assume that employees will think and act intelligently concerning their work without an added financial reward for doing the job for which they are being paid? The answer in most cases is a great big definite "No." This does not reflect on the employee nor the employer. Work of any kind, in time, becomes automatic and reflex actions displace conscious effort and application. The human mind is a wonderful and awesome organ. It can adjust to unbelievable conditions and irritations. It can grow and expand, or relapse into protective darkness. As employees grow accustomed to the work, the atmosphere, the management and the philosophies that govern the organization, that which at one time was questioned and challenged, is now taken for granted—it may even be defended.

Work simplification and work improvement are continuous processes which should include the employees, the supervisors and management working as a team. Safety work has to be sold—employees become careless unless they are periodically revitalized with safety practices. Work simplification, work improvement and the objective viewpoint must also be sold. The best results are obtained when the suggestion plan is tied-in with a simplification program.

(Continued on the next page)

The Swing is to TYCOON!

Trade Mark

Here are a few of the many business leaders who have found that SoundScriber's sensational TYCOON Model meets their need in dictating equipment.

American Brass Company, The
American Thermos Bottle Company, The
Atchison, Topeka and Santa Fe Railway Company, The
Blaw-Knox Company
Blue-Jay Products
Botany Mills, Inc.
L. L. Brown Paper Company
Celanese Corporation of America
Chain Belt Company of Milwaukee
E. I. DuPont de Nemours & Company
Gannett Newspapers, The
Gulf Oil Corporation
P. H. Hanes Knitting Company
Inland Steel Company
International Business Machines Corp.
International Silver Company, The
Iowa Power and Light Company
McGraw-Hill Publishing Company, Inc.
Magee Carpet Company, The
Mayo Clinic
Minneapolis Honeywell Regulator Company
Pan American World Airways System
J. C. Penney Company, Inc.
Penton Publishing Company, The
Pillsbury Mills, Inc.
Rohm & Haas Company
A. O. Smith Corporation
Waterman Steamship Corporation
World-Herald, The (Omaha)

Call your SoundScriber man for a demonstration TODAY! Or mail the handy coupon below to get complete information.

SOUNDSCRIBER

Trade Mark

First All Electronic Dictating System

First Disc Dictating Equipment

230 Sales and Service Centers Coast to Coast

SOUNDSCRIBER CORP., New Haven 4, Conn.

Please send me "Tycoon" Brochure

Name.....

Address.....

Obviously I cannot go into complete details of such plans, but can only hit the high spots within the limits of this monthly column. There is one admonition that I offer and it is this—do not be vague as to the plan's operation and details. In other words—be definite. The plan should be carefully defined and described. The employees should thoroughly understand its operation. The following suggestions are offered:

1. Make it easy for employees to turn in their suggestions—provide suggestion form blanks and suggestion boxes, conveniently located for the employees, for the receipt of the suggestions.
2. Act upon the suggestions promptly. Report the findings as quickly as possible.
3. In the office it is not so important to provide anonymity for the employees. Most of the employees making suggestions will be willing to sign the suggestion form. If anonymity is desired, the suggestion forms can be numbered and a perforated stub bearing the same number can be used.
4. Give the employees some advice and clues as to the type of suggestions desired or areas where suggestions are important.
5. Pay a financial reward for suggestions that are accepted. There should be a minimum dollar award established for acceptable and usable suggestions. $5 is a fair minimum. There should be no maximum specific award, but the award should be stated as (for example) 5% of the first year's savings, of which 50% of the estimated savings are payable immediately and the balance upon the computation of the actual savings.
6. Clear all suggestions through a definite person or committee. In larger companies a committee will function best. In small companies one or two persons can handle the suggestions.
7. Keep a record of all suggestions submitted and the action taken in respect to the suggestions.
8. As promptly as possible report your findings to the employee who made the suggestion. If the suggestion is turned down, tell the employee why it is turned down and permit him to resubmit it if possible with whatever changes seem required. If the suggestion is accepted, put it into effect as soon as possible.
9. Keep the suggestion system sold to the employees. Develop in them an objective viewpoint—why are we doing or why aren't we doing certain things? There is a great number of untapped ideas among your employees. Go after them.
10. In case the suggestion cannot be evaluated under "a percentile or savings" basis, let the director or committee evaluate its worth in direct dollar value. As we said before, there should be no maximum limit to the payment of an award.

Supervisors as Part of the Plan

Probably one of the most perplexing problems deals with the integration of supervisors into the suggestion plan. If management takes the attitude that suggestions for improvement emanating from a departmental employee reflect upon the efficiency of the supervisor, there will be very little active participation by the supervisors. No supervisor can conceive and develop all the ideas for improvement—as a matter of fact, the best supervisor is the one who inspires and encourages others to develop improvements.

By the same reasoning, if management evaluates the supervisors solely on the basis of the number of suggestions developed by their employees, the supervisors in self-defense will develop suggestions and pass them on to the employees (or some selected employees) for presentation.

We must recognize that some departments and operations are such that suggestions are more applicable.

Suggestions plans should stimulate, not discourage. It is my suggestion that an amount equivalent to a fixed percentage (for example, about 10%) of the gross awards paid to employees for suggestions be distributed to supervisors on a "share-alike" basis. This distribution of cash awards should be made once each year to the supervisory personnel. The "share and share alike" principle seems fair to me as it avoids the rewarding of certain supervisors whose operations are more susceptible to suggestion and improvement to the disadvantage of others who would not likely share in any award. It is true that this principle does not directly measure the individual supervisor's contribution, but it does bring them all into the plan on an equal basis and encourages support and enthusiastic selling of the plan.

There is no doubt that financial reward is the *one* best incentive. Financial incentive alone will not guarantee the success of the plan. Keep it before the employees, act promptly on suggestions that are submitted, report regularly on the success of the plan, give publicity to the suggestions that are accepted—and the plan will work. Be as generous as possible in making the awards. Do not expect all employees to participate—suggestion plans are the media by which those employees who possess initiative and judgment, and who are sufficiently objective and analytical, may express their ideas with commensurate reward.

Not all suggestions received will be acceptable and usable. Not all suggestions will be practical. Suggestion plans do create work. Whenever you encourage people to question established procedures, you are creating work. The results should more than justify the added responsibilities.

One last admonition—don't take a defensive attitude toward your procedures as if each suggestion was a criticism. Negative thinking will stifle the desire to improve. The inertia to change must be overcome. Just because a procedure has worked in the past is no indication that a better method cannot be developed. I have never seen a procedure that couldn't be improved or simplified.

BOOKLETS

P43—A Library of Famous Letterheads

A letterhead is a piece of advertising and like any other advertising material should receive thoughtful consideration as to design, color combination and choice of paper type of business and methods of selling all have a part in the selection of the design. A number of high quality and original examples of fine letterheads have been brought together to form this portfolio.

P44—How to Cut Down Your Office Overhead

Whether your office staff consists of one girl or runs into real numbers, office salary expense now represents a larger-than-ever portion of your overhead. It is difficult to do much about the rising cost of doing business, but there are methods of cutting fixed office expenses. This booklet deals with one particular segment of your office operations and shows how valuable time can be saved to be used on more productive work.

P45—Attention Compelling Blotter Specimens

This is a portfolio of the more strikingly designed blotters used by nationally known companies. The samples will provide a ready source of ideas for the design of your own advertising blotter.

P46—Safeguard Your Check Procedure

You know the correct way to pay by check, but it is equally important that your office personnel be familiar with the rules. As an aid to training new people and refreshing the knowledge of your present staff, this little pamphlet contains fifteen questions with the correct answers on drawing a check. No doubt you will find it interesting yourself. Included are twelve rules which may save you from a serious loss.

P47—Prize Book

This comprehensive catalogue of prizes for incentive campaigns contains more than one thousand nationally advertised items ranging from pencils to a complete home work shop. A special pet section includes, for the first time, a variety of popular pets including saddle horses, Boxers, baby chicks, canaries and many others. The variety of prizes offered helps to build an exciting campaign.

P48—Typewriter Cost Chart

Here on one handy chart is the answer to the question "What will an electric typewriter do for me?" Broken down to the saving in dollars, figures show the number of hours gained and the money saved in office situations where the salaries vary from 70c to $1.20 an hour and where the time the typewriter is in use ranges from one to eight hours daily.

To Best's Insurance News

75 Fulton St., New York 7, N. Y.

The above material is available without charge or obligation. Simply check publication(s) desired.

☐ P43 ☐ P46
☐ P44 ☐ P47
☐ P45 ☐ P48

Firm Name .....
Attention of .....
Position .....
Address .....
City .....

MORTALITY TABLE FOR OFFICE ITEMS

CERTAIN stationery items deteriorate in stock and should be used on a "first-in, first-out" basis, reports the research committee of the Records Management Association of New York, in a recent issue of that organization's magazine the *Folder*.

Actual useful life may be greater or less than the periods shown here, depending on quality, storage conditions or other factors. Those who use items having "short shelf-life" and those responsible for maintaining stocks should avoid ordering large quantities which may not be used up within a reasonable period.

Item	Shelf Life
Gummed specialties	1 year
Drafting tape	6 months
Photographic tape	6 months
Mounting tissue	6 months
Ink—writing	2 years
drafting	6 months
Inked ribbons	1 year
Inked stamp pads	1 year
Ink eradicators	6 months
Rubber bands	1 year
Rubber erasers	1 year
Rubber finger tips	1 year
Mimeograph stencils	6 months
Hectograph forms	6 months
Hectograph carbon paper	6 months
Gelatin duplicator rolls	3 months

SERVICE AWARDS

S. K. HARGIS

EMPLOYERS in the insurance field have long recognized that keeping the individual employee contented, maintaining his attitude of loyalty toward his employer and job, is not the least of many factors making for good labor relations. And, regardless of the insurance "labor problem" in its broader aspects, this question of maintaining a satisfactory close-range relationship is largely one for the individual employer to solve.

Several methods have been devised and used with success in recognizing and honoring length of service in our field, and it has been found that the practice of awarding service emblems is rapidly on the increase, and now usually supplements all other forms of recognition.

More Efficient Operation

In the long run, of course, all such projects result in increased production, fewer management headaches, and better profits through greater efficiency, increase in production rate, and better quality work.

In considering this highly important factor in good employee relations, the employer will want to weigh all methods. Recent surveys over a cross section of employing concerns (with 100 or more employees) have brought to light some interesting and useful ideas. For instance; the cash reward has been used by some employers, and, we know, cash is always welcome to the employee.

Yet, it has been found that cash awards are apt to be over-costly to the employer. Then, too, it is not always easy to establish a cash award or awards on a fair basis. And, the effectual life of the cash gift is usually short once the employee receiving it has spent the money. As a rule experienced employers prefer to tie-in cash awards with honorary emblems as a means of prolonging the memory of the occasion when both were presented.

Suitable Gifts

There is, also, the system of gifts, and the gift is a valuable award providing, of course, it is suitable, also that it be tied-in with the emblem. Otherwise, the gift may serve only a limited time as a live reminder of the long service that earned it.

However, say those who have used them over the years, the giving of emblems for recognition, achievement or incentive is most effectual. It is best to make the practice an established project or program and to set up procedures which will insure the best long run results both to employer and employee. The beneficial effects of such awards lie, to a great extent, in their being made as public as is possible, "public" in the organization among the receiver's own co-workers, and also in the community—which tends to establish the organization there as "a good one for which to work."

Accordingly the objectives of the employer must be:

a) To gratify the pride of the employee who has earned recognition for continued service.
b) To keep alive remembrance of the presentation among all fellow employees as well as of the recipient.
c) To establish an *incentive* for other employees to gain similar honor.

(Continued on page 72)

STEP AHEAD WITH BURROUGHS INTO THE AGE OF MICROFILM

Step ahead into the age where documents can be recorded with photographic accuracy in a fraction of a second . . . for a fraction of a cent.

Step ahead into the age where a five-foot stack of paper records can be swiftly compressed into a 1 x 4-inch pack of film . . . where the problems of record storage are reduced by 99½%.

That is the new age of microfilm—an age in which business methods again advance with Burroughs.

Burroughs brings you efficient microfilm equipment, built to precision standards by Bell & Howell, a recognized leader in fine photographic equipment. This modern equipment is ready to simplify, and to lower the cost of, the record keeping of your business . . . to substitute tiny rolls of film for rows of bulky filing cabinets.

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SERVICE AWARDS—from page 70

d) To bind the employee to employer and job—more loyally through this very human and voluntary act of signal recognition.

A Successful Program

The awards program that has prevailed for years at Swift & Co. and which has attracted widespread attention in all lines for its success is described as follows by Harold F. North of the industrial relations department:

"Since 1938 when the "Report to Employes" edition of our Swift News was begun, we have recognized length of service for employees by printing the names in the report of those with twenty and more years of service. This proved popular among employes but offered only annual recognition of this kind. Of course, vacations with pay, increased illness benefits, non-contributory pensions, and other similar programs provide what amounts to financial recognition for long unbroken service.

"In the light of our experience with the publishing of names and recognizing that man lives 'not by bread alone,' we began to look for other ways to give service recognition. We sensed that a man likes to feel that he is part of a team and naturally seeks some way to identify that association whenever the opportunity presents itself. Naturally the service pin offered the best recognition of this interest."

Great advances have been made in the design and production of emblems of this type and millions of them are now produced and distributed each year in American industry, education, transport, commerce, business, and hundreds of other fields of human activity where service and loyalty are to be recognized.

Let us consider some of the features of such a program, based upon experience.

Based on Human Nature

In adopting such a program, even to a limited extent, or even on a trial basis, the employer is taking advantage of some well-established traits in human character. Most workers of all types naturally take pride in their work and an interest in achievement, largely to the extent to which it is not only recognized but rewarded. Many employers are of the belief that emblematic awards, properly presented and with the best possible promotion, may be counted among the most valuable techniques in building a sound industrial or employee relations program. (Suggested reading on this topic: "It's Still a Good Idea," American Publishers, Box 116, Utica, New York.)

Primary occasions appropriate for emblematic awards include:

1. Recognition of seniority.
2. Length of service acknowledgment.
3. Quarter-century clubs.
4. Seniority, in a section, zone or department.
5. Production, or accomplishment recognition.
6. Safety record.
7. Constructive ideas provided and/or suggestions made.

Certain users have found that, in some instances, such programs fail to succeed to the extent expected, and that is nearly always because of lack of a good program to properly "sell" the idea and to make the most of its application. To call an employee into the manager's office, for instance, and make a recognition award, man-to-man or woman-to-woman, accomplishes little, because, it is just as much the "other fellow" you wish to impress, the co-worker who is influenced to "go and do likewise"—after getting visible evidence that the boss really does appreciate good work and proper conduct, and is willing to openly acknowledge and reward it.

A Presentation Supper

Time and place of presentation is of much importance. One form of presentation is to make the occasion a luncheon or supper either with the whole organization present or those directly involved, such as departmental fellow workers. Experienced people in this work suggest that the highest possible official personally make the presentation and the citation clearly state exactly *why* it is made. At the same time, any future awards opportunities are also announced and department heads are encouraged to take the winners to lunch or otherwise entertain them as a means of accentuating the event.

In some instances, employers have found it a good idea to project Kodachrome slides on the screen at the time of presentation in order to accentuate the beauty of the emblem award. This is done, for instance, by The Tampa Electric Co. At the banquet celebrating the original establishment of their award program they projected slides on the screen and pointed out to their employees the finer details of the design and illustrated the various qualities of the emblems—the higher the year group the nicer the quality.

An Enjoyable Occasion

As the 5 year group were called up to receive their awards the 5 year emblem was thrown on the screen and similarly for the 10, 15, 20 and 25 year groups. Subsequent annual presentation observances are built up with propitious ceremony to enhance greatly the importance attached to the award and at the same time make the occasion so enjoyable as to be one to which all employees would look forward to with anticipation.

For instance, the personnel award plan for years maintained by The Armstrong Cork Company, and which is based upon scientific studies of all phases of the recognition award, has attracted widespread national attention in business, service and industry. Concerning this employer's views on the method of presentation, Vernon W. Pitcher, senior personnel assistant, told this writer:

"The Armstrong Cork Company is convinced of the fact that the success of any business venture depends directly on the effectiveness of its organization. A personnel program must contribute to the effectiveness through policies and techniques which obtain and develop capable employees. An important part of our program is the provision of individual and group recognition to employees for their contributions to the organization and its objectives.

(Continued on the next page)

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"We believe that employees as individuals or in groups have a desire for recognition as well as a right to receive such recognition.

"Of particular importance is the manner in which these various awards are presented for the mode of presentation can add significance to the award. Our service awards are presented by a member of top management in special ceremonies at annual banquets. Safety plaques are also presented at special plant ceremonies. Suggestion awards are always presented by the employee's supervisor and pictures of the presentation may appear in plant or company publications.

"Tangible evidences of recognition are valued highly by recipients. Of course, it is impossible to measure accurately the direct value to the company of these awards but the evaluation placed on them by recipients indicates their worthwhile place in our personnel program.

"In addition, there are other types of recognition received by employees—individual evaluation of each employee's performance, a record of the evaluation being filed in individual folders for use in selecting employees for promotion and thereby facilitating the elimination of departmental barriers in promotion; thorough training in preparation for the initial position or for possible promotion; assistance in case of death, disability or old age through carefully designed employee benefit plans; assistance in times of slack work which may occur in spite of careful forecasting of sales and scheduling of production; and others.

"In a social and political environment which stresses the importance of the individual, singly or in groups, we believe there is a direct relationship between recognition and performance. Recognition given by any enterprise to those employees not only contributed to the overall effectiveness of the organization but also is consistent with the American philosophy of dignity of the individual."

Promotion by Publicity

With respect to the active promotion of such awards, this may be added; it has been found that, in many instances, little provision is made to publicize the event either in the organization itself or in the community, when, as a matter of fact, when an important local employer rewards those working for him, the fact is news in the community in which his organization functions. Every fellow employee, in direct contact or not, is interested and all employees have friends and relatives directly interested.

Very often such events are noticed on regional radio broadcasts and in the local newspapers. Even pictures of honored employees of a established business or service are used in the newspapers, and such events certainly are copy for the organization's house organ and bulletin board.

There are, of course, numerous variations in such programs. For instance, some employers who have used the award system effectually over the years give attention to group awards. A banner or plaque may be awarded to such a group according to their group achievement—possibly along with individual emblems in the form of buttons and/or pins. The banner may be permanent or may be won by a competing department or group. All this, it is said, tends to establish a friendly rivalry among sections, zones, departments or groups.

Type of Emblem

With respect to the type of emblem best suited to various purposes, great improvements have been made in design and manufacture. There are pins and buttons of the less expensive type for the smaller organization and for more routine achievements, and more elaborate insignias, even some encrusted with gems, for such distinguished workers as the "sixty year employee."

It is one thing, of course, for the employer to maintain an annual program of merit awards and another to use a good system of promoting it when it comes to a contest for performance on the job, for seasonal times, when the safety program needs stimulation, attendance figures show lag, or the rate of performance needs a boost.

On the whole, however, recognition and incentive awards especially in this form and including the emblem, have become an established procedure with many tens of thousands of employers in all lines of business, with anywhere from 150 to hundreds of thousands of employees each. Properly programmed and exploited, they will help win the worker to a greater loyalty to the employer and better yet, a greater loyalty to his or her job.

SUGGESTION AWARDS

MORE than $5,000,000 in awards have been paid out to General Motors employees in the United States since the company's suggestion plan was inaugurated on a company-wide basis in 1942, according to Harry B. Coen, vice-president in charge of employee relations.

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Evaluating Jobs—from page 63

job analyst kept all records required for the plan; in another instance, the analyst assisted in administering the merit rating program and in reviewing recommendations for salary increases. The most popular trend, however, seems to be to have job analysts limit their duties to the phase of getting job facts and writing job descriptions.

The preparation of the grading manual or scale to use in rating jobs is sometimes done by the individual in charge of the program and sometimes by a committee composed of department heads. The companies appear to be about evenly divided in this respect, although using the committee plan is highly recommended by authorities in the field.

The committee plan for rating jobs was followed with the greatest frequency. Approximately 83 per cent of the firms used this procedure. The final cross checking or verification for determining accuracy in rating is usually performed by a committee also. Most of these organizations appear to use the same group to equalize ratings as they did in the original rating process. However, three concerns stated that they used a different group for this step. The membership on this committee was composed of men from a higher echelon of management than were used in the first rating step.

Non-supervisory employees participate in the installation of job evaluation primarily by giving information about job duties. They may complete questionnaires or assist the job analyst by answering his questions about their work. This limitation on non-supervisory participation appears to be common practice in business and industry generally. It is possible that this group could assist effectively in other phases of the program such as helping prepare the grading manual or in rating and equalizing job values. Such additional participation might well help further to allay suspicion and doubt about the program.

No particular procedure for training analysts and raters predominates in the insurance field although 81 per cent of the companies indicated training was given to these groups. Among the methods commonly used are: reading in the field of job evaluation, practice in getting job facts and writing job descriptions, practice in rating jobs, special training courses, and on-the-job training.

A definite effort to inform supervisors about the proposed job evaluation program and to win their cooperation and support was made in the insurance companies. Only one organization gave no information to its supervisory employees.

Several methods were used to inform supervisors; many companies using more than one method to accomplish the above objectives. The most popular procedure was to call the staff together for the purpose of discussing the purposes, scope, and procedures of the plan. The next most popular technique was to confer individually with staff members. Departmental meetings with all supervisors in the department were held by several companies. Letters or memoranda from the president of the company also were used by several concerns.

Non-supervisory Employees

Only two companies stated that they made no attempt to inform employees about the proposed plans. In all other cases, a definite effort was made to disseminate information to this group too.

The methods used varied among the organizations and, here again, many companies employed several procedures for communicating with their workers. Letters and memoranda to employees led the list with stories in the employee publication ranking second in popularity. Conferences with employee leaders were also popular as were group meetings with employees. Special bulletins about job evaluation and individual interviews with key employees were also utilized. In the majority of cases, the advantages, purposes, and scope of the program were covered.

A pertinent question for any company planning an installation is what level or levels of jobs to include in the job evaluation program. Fifty-five per cent of the insurance companies included jobs up to but not through the department head level. Twenty-two per cent reported that they rated through the depart-

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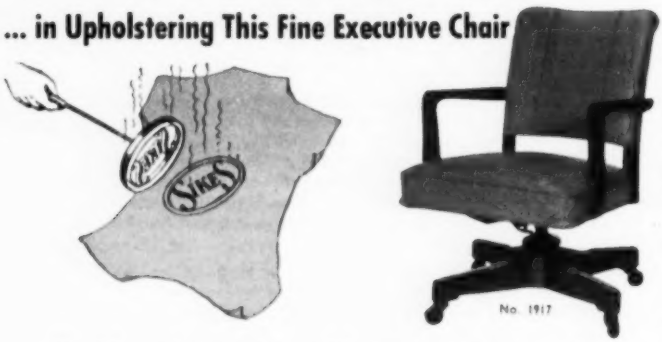

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ment head level, and only 7 per cent rated through the top executive level. The remaining 16 per cent used salary levels as a break point but no one trend was significant. It is obvious that the most popular procedure in this field is to rate jobs up to but not through the department head level.

The choice of factors used to rate jobs made by these companies is wide since forty-four different factors were cited. Working conditions appears with the greatest frequency. Internal and external relations is second in use and responsibility is third. Education and supervisory responsibility were both popular with the companies. Skill, mental requirements, physical requirements, experience, initiative, and responsibility for funds or property were listed a sufficient number of times to indicate their rather widespread usage. All remaining factors which were listed were cited by so few organizations that their inclusion does not appear significant.

No Definite Pattern

No definite pattern was found in regard to the exact number of factors utilized. However, no company reported the use of more than twelve factors which is in line with the practices generally recommended. Fewer than five factors was found in only one company. Therefore, the organizations generally included from five to twelve factors in their plans with no one number predominating.

Most of the companies reported that they used more than one procedure for collecting information about job duties. The most popular method followed was that of interviewing employees on the job. The next most popular plan was to interview supervisors of the jobs. In many cases the companies combined the two plans.

The use of a questionnaire alone which was completed by either the employee or the supervisor or both was fairly popular. However, more concerns combined using a questionnaire with an interview.

Thus the trend is to secure job facts through an interview or an interview supplemented by a questionnaire rather than to use the questionnaire alone.

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Although all the companies group their jobs into classes or grades, no one number of job classes appears to be particularly prevalent among these organizations. The number used varies from as low as five to as high as seventy-four with the distribution fairly evenly spaced up through twenty-two classes.

No exact number of classes is specified in the literature in the field of job evaluation, but there is agreement that the number should be somewhere in the vicinity of ten classes. The insurance companies included in this survey are, therefore, not following the usual trend.

Unanimity of opinion is complete in the insurance field in regard to utilizing rate ranges rather than single rates in the the salary structure since all the companies report the use of the former.

A question that is often asked by those contemplating a job evaluation installation is, "How long does it take?" Obviously, many factors enter into the length of time required. However, the experience of these companies may partially answer this question.

Fifty-five per cent stated that from one to two years was necessary. Less than one year was the time taken by 40 per cent of the firms. Five per cent of the organizations took from two to three years to complete their installations.

A tabulation was made of the number of job descriptions written in each company, the length of time required to install the program, and whether a management consulting firm or company employees were responsible for the installation in order to determine whether there was any apparent correlation among these factors affecting the time. No pattern whatsoever evolved. The only conclusion that could be drawn is that the time varies, not so much because of the number of job descriptions to be prepared and rated or because of the agency charged with executing and directing the program, as because of the particular conditions that exist within the company itself.

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101. Silencer for Dictating Machines
102. Visual Policy Jackets

T. D. B. DEVELOPMENTS

THE New York non-occupational temporary disability benefits law was praised last month as providing for social betterment within the framework of private enterprise. M. William Zucker of the Commerce and Industry Association of New York told the Insurance Board of Cleveland that the prime virtue of the law was that each employed group pays the cost of its own insurance. This, he said, provides a brake on political open-handedness in setting benefit schedules since the cost is not hidden but is apparent to the person who may receive the benefits.

Contributions to the special fund of the New York program amounted to $4,816,552 during the first three months of operation. This is the fund out of which will be paid benefits to eligible unemployed persons who become disabled after July 1. It is expected that about $12,000,000 will be paid out of the fund each year.

Amendments to the New Jersey plan provide for increases in benefits ranging from $10 to $26. According to the latest figures approximately two-thirds of the wages earned in covered employment are subject to private plans, the remainder coming under the state plan.

The provision for the use of private plans in New Jersey has been attacked in a suit filed in Chancery Court. Counsel for the New Jersey State Federation of Labor has claimed on behalf of an employee of the Stacy Trent Hotel, Trenton, that there has been seizure of property without due process of law. The law itself is not under attack but only the provision which allows a majority of the employees of a firm to vote to carry the insurance in a private company rather than with the state.

Opponents in Massachusetts are still fighting for their preferred type of bill. The monopolistic state fund bill has been killed which leaves the field to an all-private bill and a competitive state fund bill somewhat like California's law.

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A survey by the Research Council for Economic Security of a number of metropolitan areas reveals an increasing growth of voluntary employee benefit plans. The most popular are life insurance, hospitalization and prepaid surgical expense with employees reported as welcoming organized health and life insurance plans. Most of the pension and retirement programs disclosed by the survey are financed entirely by the employers. The survey covered nearly 7,000 firms employing almost 2,500,000 persons.

STATISTICAL PLAN FILED

THE National Board of Fire Underwriters has filed a statistical plan for expenses in all states, the District of Columbia and the territories of Hawaii, Alaska and Puerto Rico. The plan, which is a supplement to the recently adopted statistical plan for earned premiums and incurred losses, will develop expense data for fire and allied lines by states. Catastrophe loss data on the allied lines will be compiled as well as the conflagration record.

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TABLE I
A TABLE OF SOME USEFUL ISOTOPES

ISOTOPE	HALF LIFE	RADIATION		USES
		BETA	GAMMA	
Carbon C^{14}	5100 yrs.	yes	none	Labelled organic compounds, photosyntheis, etc
Cobalt Co^{60}	5.3 "	yes	yes	Alloy studies, industrial radiography.
Chlorine Cl^{36}	1,000,000 "	yes	none	Tracer gas.
Calcium Ca^{45}	180 days	yes	none	Action of fertilizers; bone formation.
Gold Au^{198}	2.7 "	yes	yes	Alloy studies, leukemia.
Iodine I^{131}	8 "	yes	yes	Thyroid, plant hormones.
Iron Fe^{55}	4 yrs.	yes	yes	Friction studies, anemia.
Phosphorous P^{32}	14.3 days	yes	none	Skin cancer, plant and animal metabolism.
Potassium K^{42}	12.4 hrs.	yes	yes	Diseases of heart and nervous system.
Sodium Na^{24}	14.8 hrs.	yes	yes	Congestive heart failure.
Sulfur S^{35}	87.1 days	yes	none	Plant physiology, proteins.
Copper Cu^{64}	12.8 hrs.	yes	yes	Tracer biology, alloy.

Atomic Energy—from page 38

cently been set at 0.3 roentgens for a forty-eight hour week.* Once taken into the body, these materials are usually eliminated by way of the urine, feces, expectoration, respired air or perspiration. In Table #1 are listed only a few of the more common isotopes in use today. The possible extent of damage to the body which may result from excessive exposure to radioactive materials is essentially governed by the following factors:

(1) Quantity of radioactive material
(2) Type and intensity of its radiation
(3) Half-life of the emitting source
(4) Duration of exposure
(5) Distance from the source of radiation

After analyzing these factors, it appears obvious that personnel protection against radiation may be accomplished by appropriate combination of several measures such as the following:

(a) Limiting to a minimum the *amount* of radioactive material handled
(b) Maintaining proper *distance* between the radioactive source and the user
(c) Controlling as much as possible the *time* during which the material is handled
(d) Use of local exhaust *ventilation* as close to the radiation source as possible
(e) Providing of proper *shielding* between the source and the user
(f) Installation of properly designed *remote control devices, safety interlocks, periscopes,* etc.
(g) Eliminating the possibility of *stray radiation* due to carelessness, spills, etc. by judicious planning and constant vigilance
(h) Periodic medical examinations of workers
(i) Routine radiation surveys and personnel monitoring.

Upon a careful examination of the foregoing descriptions of the various types of radiation and their accompanying hazards, it is apparent that the casualty insurance lines most likely to be directly or immediately affected are the following: (1) workmen's compensation; (2) public liability; (3) products liability and (4) boiler and machinery.

Workmen's Compensation

In the light of all the scientific evidence accumulated thus far, it is safe to assume that radiation injuries to humans fall well within our modern concepts of occupational illness or disease. As such, radiation damage may be considered from that standpoint and translated in terms of our existing knowledge and experience with other occupational diseases in the workmen's compensation field. Furthermore, workmen's compensation coverage for radiation disability or illness will be provided, for the time being, in accordance with local state laws.

In contrast to accidental injuries, the exact occurrence of radiation ill-

* *Handbook 42*, Safe Handling of Radioactive Isotopes, Nat. Bur. of Standards, U. S. Dept. of Commerce (1949). The roentgen is that amount of X or gamma radiation which will produce 1 electrostatic unit of electric charge from the ionization in 1 cc of standard air.

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nesses may not necessarily be isolated as to a specific event, time or place. Man's senses of hearing, smelling, feeling, seeing, etc. are incapable of warning him beforehand of the inherent dangers of exposure to atomic radiation. He must depend entirely upon ingenious radiation detection instruments (Geiger-counters, etc.) to alert him to these dangers.

Same Final Effect

From our present knowledge of the biological effects of radiation, which has been substantiated by a great deal of animal experimentation and research, we are able in general to arrive at the conclusion that the various types of atomic radiation have the same final effect, namely the death of the tissue unit or cell. In addition, it has been well established that all types produce no circulating toxins or substances detrimental to cell growth. The accepted feeling among radio-biologists is that the action of these radiations, in all probability, cause cessation of, or abnormal mitosis (cell division) with subsequent sterility or death of the daughter cells.

Some of the more readily observable effects of excessive radiation dosage are burns of the skin. These burns may be either quite superficial similar to sunburn, or they may be quite deep resembling the third degree burns which are caused by high pressure steam or electric arcs. Other effects of high-dosage radiation are loss of hair or the development of cataracts in the lenses of the eye such as those recently reported among the cyclotron workers who were exposed to excessive doses of neutron radiation. Additional effects of high dosage radiation are those recognized as affecting the so-called blood forming organs (anemias), and destruction of the bone marrow or lymphoid tissues. This type of destruction, if complete, may terminate in death or it may be temporary and partial in nature, depending primarily upon the dosage received.

High energy radiations are considered by most authorities as among the most insidious destructive agents of living tissue. Except in cases of exceptionally large dosages, the physiological symptoms are delayed for periods varying from a few days to several years. When over-exposure is first detected through the usual biological manifestations, there has already been serious tissue damage.

Effects of Over-exposure

The outstanding effects of over-exposure may be summarized as follows:

(1) Mutations—altered heredity of offspring.

(2) Sterility—loss of ability to reproduce.

(3) Epilation—loss of hair.

(4) Leucopenia—decrease in the number of white blood cells.

(5) Necrosis — destruction and death of the bones.

(6) Cancer — possible abnormal cell growth.

[Continued on the next page]

Atomic Energy—Continued

Despite our advanced knowledge regarding the acute effects of over-exposure to radiation, there still remain a few unanswered questions relative to the latent, cumulative or chronic effects from continued exposure of personnel to less than the currently accepted conception of tolerance radiation dosage. Answers to these and other questions must be forthcoming before any intelligent attempt can be made to estimate or even anticipate the amount of accrued liability. Without a fairly accurate estimate of accrued liability, it will be almost impossible to assess radiation risks on the basis of sound rating and underwriting judgment.

Original Dislocations

When a state workmen's compensation law is enacted making occupational diseases compensable, initially a burden may be placed upon those industries in which the uncontrolled hazards causing these diseases are already present. Under these conditions, many employees will be in a position to make claims based on exposure long prior to the effective date of the act, during which time no reserves were set aside. To avoid dangerous dislocations among these industries, a number of states have already provided for graduated benefits for certain dust diseases, the amount of compensation depending upon the lapse of time between the effective date of the statute, and the date of disability or death. This aspect of the problem may further be complicated by the inclusion of radiation illness among the members of the now large family of occupational diseases.

In some states where compensation has been provided by broad definitions or merely by including such diseases within the term injury or accident without definition, a number of interesting questions have arisen. It is difficult, if not impossible, to define occupational disease in so equitable a manner as to provide adequate compensation for real occupational diseases and yet at the same time exclude the diseases of ordinary life. Many attempts have already been made at such definitions. The number of these attempts is only indicative of the failure to arrive at completely satisfactory language.

On the other hand, other states have seen fit to provide compensation for occupational diseases by merely listing them in a schedule. In the absence of a specific listing for radiation illness in a schedule, neither the employee nor the employer will know definitely—except after extended litigation—whether or not the specific condition is compensable. While it is likely that injury or disease due to exposure to radioactivity arising out of or in the course of employment would be compensable under the broad "blanket" coverage laws, specific provision or listing will be necessary in the so-called schedule type of law in order to remove any doubt on this point.

Delayed Reaction

It is already a well-established fact that the appearance of radiation cancer may be delayed from 10 to 20 years after the radiation was received. Furthermore, there may be no earlier signs of over-exposure. The delayed production of cancer will present for insurance's utmost deliberation some very unusual

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medico-legal as well as claims adjudication problems. If an employee develops cancer or a blood condition (anemia) several years after a serious over-exposure, is the claimant's disability due to occupational exposure to radiation or did it develop spontaneously or is the cause completely divorced from the work?

Since there is no specific event causing the disability, from what date or how does the statute of limitations apply in such cases? When is the employer entitled to notice? Prompt notice is most important. Adequate treatment promptly administered and immediate removal from exposure may prevent development of a more serious condition. Special legislative provision on these points may be necessary. While sudden severe exposure to excessive radiation may be held to constitute accidents, it is more likely that most cases would fall within the category of occupational disease.

With respect to the diagnoses of those diseases now generally recognized as occupational in origin, most state workmen's compensation statutes make provision for the establishment of medical boards to pass on the validity of controverted medical questions and to assist the administrators of the law when they are confronted with these unusual problems. Specialized training and experience with regard to the diagnosis and treatment of radiation illness are most imperative particularly in this new field. Training, knowledge and experience of this type is often lacking among general practitioners. Today, the supply of qualified medical men trained in this new specialty is admittedly very limited. While provisions creating medical boards have been declared unconstitutional in two states, these boards have been most helpful where the provisions of the law are adequate and where the boards are composed of competent members.

Psychological Effects

Another interesting possibility, which the casualty insurer might also bear in mind in attempting to speculate upon atomic energy risks, is that these new hazards may produce neuroses and even cause psychological effects in workers who develop a fear of being exposed to something they are unable to detect through any of their usual senses.

Although not necessarily directly related to workmen's compensation, the danger of malpractice suits resulting from the ignorant misuse of isotopes for therapeutic purposes by inexperienced practitioners might justifiably be worthy of mention here as another insurance problem possibility. For example, the same radiation that can cure thyroid cancer may cause other kinds if improperly used.

As an interim suggestion for rating procedures and underwriting considerations, a radiation risk involved in a certain plant, process or operation where insurance needs develop may be compared to that present in an X-ray machine in a doctor's or dentist's office. In other instances where the radiation energy sources are of a higher order of intensity,

(Continued on the next page)

the risk may be compared to that now encountered in industrial radiography, X-ray laboratories or hospitals, or nuclear physics laboratories, etc. When the foregoing comparisons are definitely established and collated with information regarding the number of people exposed, length of exposure, etc., insurers can then proceed to quote premiums based on comparable ratings in other industries. As more and more experience is acquired, it is hoped that problems of risk, ratings, underwriting and coverage in connection with the constructive uses of atomic energy will be placed on a basis that is somewhat more accurate and equitable.

Preventive Measures

In the preceding paragraphs, an effort was made to point out just a few of the general aspects of workmen's compensation for occupational diseases which may be applied to some of the problems anticipated in connection with the peacetime applications of atomic energy. As is true with other occupational diseases, prevention of radiation illness, without a question of doubt, becomes far more important than compensation. It is much better for an employee not to contract any occupational disease than it is for him to receive compensation after it is once contracted. This is not only most essential from the employee's point of view but from that of industries as well. Exclusive of providing such compensation, industry must also bear the added expense of lost production, lost time in training a new man and the other usually hidden costs which are involved when the services of an able, well-trained employee are lost. Furthermore, the intangible results of prevention are much greater than the mere savings of compensation awards and other costs. These are reflected in the confidence of the employee, in his security that he can do his job well and safely.

As industry recognizes more and more the tremendous value of high energy radiations in their various forms, radioisotopes will find more widespread applications in many industrial processes. Further expansion in this field will also depend to a great extent upon the speed with which technical personnel in industry become trained in isotope techniques and intimately familiar with the general precautions necessary in handling these substances. To avoid further complications which may arise from claims of ill health caused by radioactive exposure, industry will no doubt, and logically so, turn to insurance for help and guidance.

Necessary Information

In order to accept this challenge, the casualty insurer must become thoroughly familiar with the following areas of atomic energy information: (1) nature of the processes involved and the risk; (2) techniques and correct instruments for monitoring personnel as well as operations encountered in the use of radioisotopes; (3) safe practices in the handling, storage and transportation of radioactive materials; (4) medical aspects of early detection, diagnosis, prevention and treatment of radiation illnesses; and (5) proper methods of radioactive waste disposal.

Fortunately enough, there has been accumulated and made readily available in the past few years a

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considerable amount of valuable published information regarding all the five aforementioned specialized areas. Most of this information has been declassified and can now be obtained directly from the U. S. Atomic Energy Commission.

One of the greatest limitations today, and one which will continue for the next few years, is the lack of qualified casualty insurance personnel who are sufficiently technically trained not only to appraise these relatively new hazards but competently prepared to advise industry on monitoring, personnel protection and associated problems. This limitation will eventually be overcome through the creation of educational programs set up specifically to train insurance personnel in these newer techniques.

Other Coverages

Although it might appear from the foregoing that workmen's compensation was the major coverage directly or immediately affected by the peacetime applications of atomic energy, it is apparent that claims may also result involving any of the following coverages: Public liability, products liability and boiler and machinery. The extent to which these lines will be affected in the future will depend primarily upon how conscientiously and intelligently we make use of the valuable information we now have available regarding the proper safe handling of radioactive materials.

Public Liability

In public liability insurance, we will no doubt be confronted with the problem of the proper disposal of radioactive wastes which may either find their way into a watercourse, go up a stack or be dumped into the ocean. Once these waste materials have been carelessly dumped down the drain, they are gone beyond recall. It cannot be assumed that they will always accommodatingly go to inaccessible places or will be sufficiently diluted to be harmless. In burying these active materials, there is no assurance that they may not come in contact with ground water and be so distributed as to pollute unposted inland waterways which are readily accessible for purposes of watering livestock or sources of drinking water for human consumption.

For many years, the common practice in writing public liability policies has been to include in these policies the phrase "caused by accident." This would imply that the event must necessarily be something which occurred at a specific moment and particular location and could, therefore, be classed as an accident. The trend today is toward casualty insurers getting more and more into the general field of public liability, especially in connection with atmospheric and stream pollution.

A situation where a plant day after day discharges small quantities of radioactive waste fluid effluents into a stream which are not immediately noticeable but eventually result in illness or death to livestock, gives rise to the question "Were the illnesses or deaths caused by an accident?" It is not

(Continued on the next page)

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an event which can be traced to a specific time but an occurrence which has taken place over a period of days or months.

This is the type of question with which we are concerned in radioactive waste disposal. If the clause, "caused by accident" were included in the policy, there might be considerable doubt as to whether or not coverage was provided under the described circumstances. However, if the clause were removed and coverage placed on an occurrence basis, protection would be more all-inclusive and would take care of the eventuality of slowly but surely contaminating an area with damage appearing at some later period.

The tendency today in industry is for insurance companies to eliminate the "caused by accident" clause and to substitute in its place an "occurrence" basis. This may be accomplished merely by the inclusion of an endorsement defining an accident as including repeated or continued exposure accidentally caused. Day to day low level exposure would then be provided for as long as there was no apparent knowledge that damage would result. On the other hand, once this type of exposure was known to produce damage, and the exposure was permitted to remain uncontrolled, the damage would no longer be considered within the accident category.

Two recently publicized accidents might well be used to further illustrate some interesting public liability coverage potentialities.

At one of the larger airports, a lead encased shipment of radioisotopes, while being handled by a fork-lift, was dropped from the top limit of the lift to the ground. Before being retrieved the case was run over by a passing truck. The damaged case was immediately rushed to the nearest radiation detecting device. Fortunately enough, it was found upon close examination that the lead lining of the container had not been ruptured. If the lead lining had been penetrated, undoubtedly the truck, fork-lift and the loading area of the accident would have become not only dangerously contaminated radioactively but rendered completely unusable for a time. In addition, some of the personnel involved might well have been seriously exposed to excessive radiation dosages.

A recent vehicle accident in the state of New Mexico involving an Atomic Energy Commission convoy and a runaway lumber truck brings to our attention another type of public liability possibility. The appearance upon the scene after the crash of crews garbed in rubber suits and equipped with Geiger counters led some people to believe that the scene of the accident, including a school and courthouse, might be contaminated sufficiently to warrant completely sealing off the area. The Atomic Energy Commission, as a result of this accident, is being pushed to build a by-pass around the state right-of-way at an approximate cost of $6,000,000.

The hazards associated with the increased transportation of radioiso-

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topes alone, affords just another large field in which insurance must eventually play an important role. Radioactive materials are now being shipped very extensively by all types of transportation carriers. Consequently, accidents and disasters involving these carriers might well result in products, property or people being accidentally exposed to excessive radiation dosages. Shipping containers must, therefore, be so designed that, no matter what happens, the hazardous contents cannot be released.

Products Liability

From a products liability standpoint, there is the ever present threat of nuisance suits instigated by consumers against manufacturers who permit products to leave their plants containing small amounts of residual radioactivity. The possible allergic or other dermatitis producing effects attributed to the uranium oxide retained in textiles dyed by the new fast-fixing dyeing process might be mentioned here as a typical example. Keeping the radioactivity remaining in finished products at a safe level below tolerance will not be difficult. Even minute quantities of radioactivity in consumers products may, for a time, cause manufacturers considerable embarrassment due to consumer ignorance and the absence of adequate precedent or court decisions on damage suits involving low radiation intensities.

The shipping, storage or warehousing of unshielded photographic films within close proximity to improperly packaged products such as radioactive static eliminators capable of emitting radiations offers another unusual products liability problem. By way of illustration, the following incident might be cited. Recently, the destruction of a quantity of film was found to be caused by radiations emanating from the straw used in packaging the film. Upon further investigation, it was revealed that the packaging straw had come from the field of an adjacent island located at not too great a distance from Bikini. The radioactive spray carried by the wind from the Bikini explosion, it was proven, had settled on this particular field causing it and its vegetation to become extremely radioactive.

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The above illustrations are furnished merely to point out just a few of the difficulties which may be anticipated in products liability coverages, particularly where the damage or injury to a product may not be detected immediately by the usual visible signs.

Boiler and Machinery

Radioactive contamination of boiler tubes and other boiler accessories could result from direct contact with the radioactivity which may be picked up by the impurities usually present in boiler feedwaters. This possibility may give rise to a series of claim problems which would be most difficult to adjudicate under boiler-and-machinery coverages.

The contamination of other equipment or machinery caused by the breakdown or failure of inadequately shielded radioactive processes, located within close proximity, could open up no end of boiler-and-machinery coverage complications.

(Continued on the next page)

Atomic Energy—Continued

Radiation hazards arising as a result of the rapidly increasing and widespread use of radioisotopes offers a broad but not too difficult a challenge to insurance. Although it is evident that many new and somewhat different precautionary measures must be taken, radioisotope work is fundamentally no more hazardous than work involving toxic chemicals, explosives or high voltage electricity. Smyth * in his discussion of the prevention aspects of the atomic energy program is most reassuring in the following statement: "Factors of safety used in plant design and operation are so great that the hazards of the home and the family car are far greater than those arising from the plant."

Suitable protective measures have already been devised which not only make possible the safe handling of higher radiation intensities but make possible rendering ordinary processes encountered as safe, and perhaps much safer, than operations involving radioactivity in the past.

In addition, newer types of radiation or higher levels of activity are not anticipated in industrial applications in the near future.

Summary

The following paragraphs from an address recently presented by J. Dewey Dorsett, general manager, Association of Casualty and Surety Companies, might appropriately be used to summarize the long range implications generally anticipated in connection with the constructive uses of atomic energy.

"In order to keep within reasonable bounds some of the problems which may arise from atomic energy use, it is apparent that there is a definite need for utmost cooperation and free exchange of information among industry, the Atomic Energy Commission and insurers.

"As for industry and its use of atomic energy—industry can and will, through its enlightened prevention efforts, enable insurers to provide coverage at minimum cost. This will be brought about only by the conscientious and intelligent utilization, to the fullest extent, of all the best available information regarding the proper safe handling of radioactive materials. Fortunately enough, this information is now readily available.

"In closing, it might be well to add this one thought, that if the casualty insurance industry and every other industry is to face fearlessly and with utmost confidence the Atomic Era upon which we are now embarking, we must be certain that we have at our command a complete armament of accurate knowledge."

* Smyth, H. D., *Atomic Energy for Military Purposes*, Princeton University Press (1945).

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W. C. RATE CUT RECOMMENDED

OVER-ALL reductions in workmen's compensation rates of 17%, as of July 1, 1950 were recently announced by the Virginia State Corporation Commission. The Workmen's Compensation Inspection Rating Bureau had recommended a 13.5% cut. A reduction of 21% to 24%, dependent upon the profit allowance to insurance carriers, was recommended by the State Corporation Commission. A consulting actuary of the Virginia Manufacturers' Association advocated a rate reduction of $25.8%. The wide spread in reduction recommendations was a result of differences of opinion as to how the premium rates should reflect rising average wage rates.

COMPOSITE RATING PLAN

THE North Carolina Insurance Department has approved a revised rating plan, known as the composite rating plan, for automobile liability, burglary, general liability and glass insurance. The plan, which became effective June 15, was filed by the North Carolina Automobile Rate Administration Office, the Mutual Insurance Rating Bureau and the National Bureau of Casualty Underwriters.

C.P.C.U.

QUESTIONS & ANSWERS

PART III—GENERAL EDUCATION—Continued

QUESTION 6

During the current session of Congress, an attempt was made to bring filibusters under control.

(a) What is meant by a filibuster?

(b) Why is filibustering a problem in the United States Senate and not in the House of Representatives?

(c) By what means may a filibuster be stopped in the United States Senate under existing rules?

(d) Give arguments for and against drastic curtailment of filibusters.

Answer

(a) A filibuster is an attempt on the part of a Senator or group of Senators through use of dilatory tactics to prevent Senate action on some measure to which the Senator or group of Senators is opposed. The tactic most commonly used is that of securing and holding the floor and literally "talking the measure to death."

(b) Under the rules of the United States House of Representatives no member is permitted to speak more than one hour on any measure without unanimous consent, but further limits on debate are imposed by advance agreements between the opposing party leaders with the support of the rules committee. Under these advance agreements many members of the House have no opportunity whatsoever to speak either for or against a particular bill. At any stage of House debate, except in committee of the whole, a "move for the previous question," if supported by a majority of those present if a quorum, will end debate on the bill being discussed. This precludes the possibility of a filibuster.

(c) With the exception of voluntary agreements, compromises and adjournment, the only method by which filibusters may be stopped in the Senate, at the present time, is to invoke the cloture rule. This may be done on the petition of sixteen Senators and the approval of two-thirds of those voting on the measure when it is submitted for approval or rejection on the second calendar day after the cloture petition is filed with the President of the Senate. If the rule is adopted, no Senator may speak for more than one hour on the measure against which the filibuster has been conducted.

(d) In favor of drastic curtailment of filibusters, it has been argued that:

(1) such tactics prevent the passage of a bill which a majority of the Senate, and a majority of the voters may approve;

(2) filibusters not only result in delayed action or perhaps the defeat of a particular measure but they prevent thorough deliberation on other vital legislative proposals before Congress;

(3) as a result of filibusters compromises are frequently forced upon the Senate majority contrary to the interests of the public in general;

(4) they result in an unnecessary waste of time and money; and

(5) filibusters of the conventional type lower the dignity and prestige of the Senate.

Against drastic curtailment of filibusters, it is insisted that:

(1) the privilege of unlimited debate results in a better informed publative product;

(2) drastic curtailment of filibusters would unduly restrict minorities, prevent thorough deliberation of important legislation, and result in "railroading" legislation through the Senate by the organized majority;

(3) abuses of the privilege of unlimited debate are rare indeed and there is little evidence that many bills designed for the general welfare have been defeated by filibusters; and

(4) the present Senate cloture rule permits the elimination of the worst abuses of free speech in the Senate when two-thirds of the members decide that such action should be taken, and at the same time retains the principle of free debate which is a characteristic of this body.

[Continued on the next page]

DEAN'S NOTE

This composite set of answers to the June 1949 Chartered Property Casualty Underwriter examinations given by the American Institute for Property and Liability Underwriters, Inc., has been prepared from the papers of the examinees. Editing was necessary to assemble each composite answer and present it in condensed form. However, the content in some cases is more complete than was required for a high grade and answers have been given to all the questions even though the candidate had a choice.

It should also be mentioned that although these answers have been taken from meritorious papers, they are not necessarily perfect. Many of the questions involved judgment on the part of the candidate and no hard and fast solution could be required. Credit was given for the reasonableness of the answer and the evidence of intelligent application of a candidate's knowledge.

Candidates are cautioned not to rely on this set of questions and answers as a method of direct preparation for the C. P. C. U. examinations. They may be useful as a guide to the type of questions asked and the content of answers desired by the Institute, but they cannot be a substitute for thorough study and mastery of the subject matter of the Institute's curriculum.

QUESTION 7

The several states have enacted automobile financial responsibility and workmen's compensation laws.

(a) Explain the constitutional power of the states to pass such legislation.

(b) Explain fully the power of the federal government to pass automobile financial responsibility legislation.

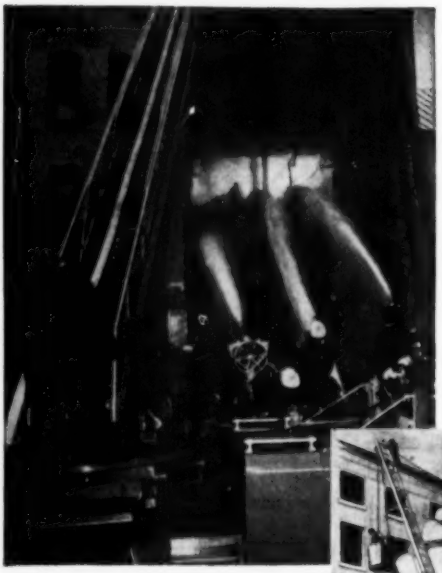
(c) If automobile financial responsibility legislation concerning private passenger cars was passed by Congress, explain to what extent the federal law would supersede the state law.

Answer

(a) State authority to enact the two types of legislation referred to rests upon several bases: first, the Constitution of the United States provides that all powers not delegated to the federal government by the Constitution, nor prohibited by it to the states, are reserved to the states respectively or to the people. Congress has not been given the specific authority to enact automobile financial responsibility or workmen's compensation laws by the Constitution, although such authority may be implied from the commerce and other clauses of the Constitution. Nevertheless, Congress has not acted, and until it does the states can pass and enforce automobile financial responsibility and workmen's compensation legislation of a rather comprehensive character. Secondly, reasonable automobile financial responsibility and workmen's compensation legislation is the result of a proper exercise of the state's police power, i.e., the power of the state to regulate for the safety, morals, health, convenience and welfare of its inhabitants—a power which the Supreme Court has said is inherent in the state and is fundamental in character.

(b) Although there are specific grants of power to Congress from which authority to enact automobile financial responsibility laws may be implied, the basis which is most likely to meet with judicial approval is the clause which empowers Congress to regulate foreign and interstate commerce. Since a very large part of the private passenger automobile traffic is interstate in nature and the intrastate movement of a great many more such cars "affects" interstate commerce, it seems reasonable to conclude that a national automobile financial responsibility law applicable to most private passenger cars would be sustained by the Supreme Court, especially if its interpretation of commerce conforms to the liberal concept accepted for the past fifteen years.

Another basis for federal power to enact federal automobile financial responsibility legislation might possibly be found in the delegation of power to Congress to levy certain taxes in order to provide for the common defense and promote the general welfare. This does not mean that Congress can pass such legislation because it promotes the general welfare, but it is conceivable that Congress might use the taxing power to set up a general automobile licensing program, under which automobile financial responsibility regula-



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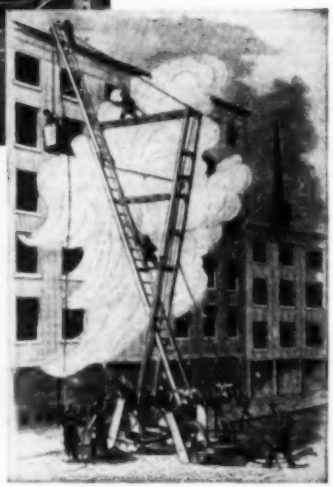

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tions would be included as one important feature.

(c) In the event Congress should enact automobile financial responsibility legislation and the Supreme Court sustained such legislation, state laws in conflict therewith would be unconstitutional. Valid federal legislation is a part of the supreme law of the land. However, to the extent that intrastate automobile passenger traffic is not construed to be a part of interstate commerce or to "affect" that commerce, the federal law would not supersede. Moreover, Congress can permit, and in some cases has permitted, states to impose higher legislative standards in interstate commerce than are imposed by acts of Congress, and in other cases Congress has left certain aspects of interstate commerce for the states to regulate. Under such circumstances reasonable state regulations would be valid.

QUESTION 8

A prominent labor leader recently outlined a plan for using surplus aircraft facilities to make prefabricated housing. He suggested the U. S. Treasury borrow $4 to $5 billions in social security reserves to finance this.

(a) To what specific reserves does this suggestion most probably refer? Explain.

(b) Explain the possible economic effects of borrowing these reserves. Your answer should include a definition of reserve *and an analysis of the current method of investing these reserves.*

Answer

(a) This suggestion most probably refers to Old Age and Survivors Insurance. Unemployment insurance reserves would not be available because they are intended to be self-liquidating over a cycle. On the other hand Old Age and Survivors Insurance reserves will continue to accumulate for a long time and the sum is large. No other social security program excepting workmen's compensation operates on a reserve basis and in this case the total sum involved is much less than $4 or $5 billions. Furthermore, workmen's compensation reserves are not in the possession of any of the agencies of the U. S. Government and therefore are not available to be "borrowed" by the U. S. Treasury.

(b) The economic effect of borrowing these reserves would be nil. A reserve technically is a liability account representing an incurred but undischarged obligation. The reference in this question is to the amount credited to the Old Age and Survivors Insurance account in the Treasury, represented by federal securities, accumulated from the excess of Old Age and Survivors Insurance contributions over benefits paid. Since these accumulated sums are already invested they are unavailable for other purposes. Therefore "borrowing" them is a meaningless affair.

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QUESTION 9

"A State is investigating the claims of its citizens who are collecting weekly benefits in social insurance while temporarily living outside the state."

(a) Does this statement presumably refer to (1) old age insurance, (2) old age assistance, (3) workmen's compensation insurance, (4) unemployment compensation? Give reasons for your answer.

(b) For each of the kinds of social insurance referred to in (a), who prescribes (1) standards of benefit

(Continued on the next page)

qualifications, *and (2) the* amount *of benefit?*

Answer

(a) The statement presumably refers to unemployment compensation since this is state administered and the state has a duty to see that improper claims are not paid. It cannot be Old Age and Survivors Insurance because this is federally administered and the Social Security Administration is not concerned about the residence of the beneficiary. It cannot be old age assistance because old age assistance is not insurance. Nor is it likely to be workmen's compensation insurance because the state as such (except through a possible state insurance fund) has no jurisdiction over workmen's compensation claims.

(b)(1) The *standards of benefit qualifications* are prescribed exclusively by the federal government for Old Age and Survivors Insurance. For old age assistance the federal government sets certain basic minimum standards, i.e., age, but the states apply specific standards of need and means. With the exception of civil employees of the U. S. Government and private employees in the District of Columbia, and the persons covered under the Harbor Workers and Longshoremen's act, the workmen's compensation benefits are described by states. The states also fix the standards for unemployment compensation except for the "suitable work provision minimum" prescribed in the Federal Unemployment Tax Act.

(2) For each of the kinds of insurance mentioned, the *amount* of benefit is determined by the same authority as indicated in the answer to (b)(1) excepting that the states directly fix the amount of the old age assistance benefit even though part of the grant comes from the federal government.

QUESTION 10

In 1946, a state amended its unemployment compensation law to include compulsory non-occupational temporary disability insurance. Its system includes a state fund and the right of the employer to meet the insurance requirement by the alternatives of approved private or employer operated insurance plans.

(a) Is there any similarity of hazard which justifies the combination of non-occupational temporary disability and unemployment compensation? Explain.

(b) In what respects is the hazard of non-occupational temporary disability similar or dissimilar to that covered by workmen's compensation insurance?

(c) Explain fully the alternate methods allowed an employer for handling the workmen's compensation hazard.

Answer

(a) There are several similarities of hazard that may justify the combination. Both are hazards that are (1) faced by employable and employed persons who are (2) unable to work (3) for reasons beyond their control, and (4) who presumably will return to employment (5) after a brief period of interruption. In the event the interruption is a long period the initial period of non-work is covered in both cases.

(b) The hazards of non-occupational disability and workmen's compensation are similar in that both result in losses, sometimes serious, of earning power of workers.

They are dissimilar in that workmen's compensation applies to disability from occupational causes, whereas non-occupational disability pertains to the area implied by its title. Then too, workmen's compensation covers a wide range of benefits for extended periods of time whereas non-occupational disability covers losses for a very limited period of time only. Also the non-occupational hazard is much broader than the hazard of a specific industry and in the latter case the employer may have loss prevention controls not available to the former.

(c) The alternate methods for handling the workmen's compensation hazard are (1) approved private insurance carriers, (2) employer operated plans, and (3) state funds. All states except those with compulsory or monopolistic insurance funds permit "admitted" private carriers to handle workmen's compensation. This is the method used for the majority of workmen's compensation risks even in states with competitive state insurance funds.

Practically every state permits employer operated plans or self-insurance, with safeguards of highly different effectiveness. In fact some of the laws permitting self-insurance are equivalent to insurance exemption statutes.

Nearly one-half of the states provide either a monopolistic state fund or a competitive fund. The former carries all the risks that are not self-insured whereas the latter competes with private carriers and self-insurance.

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SALES SLANTS from other fields

TIME IS MONEY

IT SHOULD be one of your cardinal rules to do what you say you will do, and do it precisely on time. Successful business men have been distinguished for qualities of decision, certainty, and promptitude. Time is money, and when time is lost in the keeping of appointments, it really means loss of money.

Punctuality is the soul of industry, and essential to a proper day's work. In order to accomplish all that should be done in a given day, your business matters must be instantly, steadily, and regularly dispatched.

—*Grenville Kleiser*

RECIPE FOR SUCCESS

SELLING requires optimism and enthusiasm. The salesman must not let himself become discouraged, even in the face of repeated rebuffs. The prospect is always right. It may well be that while the salesman is in a position to sell and wants to sell, the prospect at that particular time may not be in a position to buy. Perhaps a few days later the prospect may be in an entirely different position and this position may now be favorable to the salesman.

Make friends, be a worker, keep going. Selling is not and cannot be done properly on a limited number of work hours daily. An important part of every sales job is educational in character where the salesman must stress the advantages of his product and his ability to be of help to the prospect. Above all, be sincere and be yourself.

—*William W. Galvin, Jr., Marchant Calculating Company*

THE SUBTLE COMPLIMENT

THE great gift of conversation lies less in displaying it ourselves than in drawing it out of others. He who leaves your company pleased with himself and his own cleverness is perfectly pleased with you.

—*Jean de la Bruyere*

LEARN TO LISTEN

THE NEXT time you go to the movies notice how the actors listen to the talk of the other characters. To be a great actor it is as necessary to be a masterful listener as to be an effective talker. A famous movie director has said that many splendid talkers fail to become movie stars because they haven't learned the art of creative listening.

In selling, the emphasis is on talking, yet many times it is more important to be a good listener than to be a good talker. You can listen your way to a sale when you can't talk your way to one!

Listen to inflate the prospect's ego. Listen to learn the prospect's problems. Listen to find clues to what the prospect needs. Listen and learn what to say to sell. Little talk and much listening often is the key to the sale.—The Silver Lining.

"Move Those Shoes Or Your Sales You'll Lose"

BUYER'S PSYCHOLOGY

THE national psychology of the American has a profound effect on him as a buyer. First, it makes him a freer spender—better things for him are always around the corner so there is no great compulsion for him to hoard. His margin of income over the need for necessities is another factor in his spending, of course. Secondly, he buys many things to prove to friends, neighbors (and himself) that he is a success, or that he is as well off as they. This "keeping up with the Jones'" as it is called, is perhaps a phenomenon of a casteless and highly competitive society. The individual apparently needs the self-assurance of physical possessions or of higher living standards.

—*Raymond B. Roos*

ONLY THE BEGINNING

WHEN you take the order the selling job has only begun. That's the thing the present generation of salesmen has very much to learn. All generalizations have their exceptions, but this you can paste in your hat as an almost unerring precept: *The first sale costs you money, it's only the repeats that pay a profit.*

That being true, you ought to work harder for your repeat sales than for the first order. How many do?

—*R. O. Eastman*

NUGGETS OF WISDOM

A MAN may fall several time, but he isn't a failure until he starts saying somebody pushed him.

—*The Whetstone*

Term Rule—from page 26

Interestingly enough, the financial burden which the department was unwilling to impose has been assumed voluntarily by great numbers of agents. The almost spontaneous growth of installment payment plans in the past year or two has resulted in the conversion of large amounts of fire insurance to this basis—more so, of course, in some territories than in others. Since most of these plans call for a first payment equivalent to one annual premium, the agent suffers a maximum reduction in income in the year of change. His loss of current income is even greater in succeeding years under these plans than would occur in a switch to annual policies, because the next four annual installments, under the most widely used plans, call for the payment of only 78% of an annual premium. Furthermore, his expenses are increased somewhat by the record-keeping which the plans require.

This change in the underlying situation may lead to a re-evaluation of the agents' problem. Regulatory authorities may temper their concern over the effect on the agent of a change in term practice in the light of the apparent attractiveness of annual payment plans to the policyholder and the demonstrated willingness of many companies and agents to gear their operations to the requirements of their customers. In other words, this deterrent to direct action on term discounts seems to be melting away of its own accord.

The whole process may be stimulated by Superintendent Dineen's recent decision that extension of credit by insurers is not subject to regulation under New York's rating article. This decision can be expected to lead to the wider use of installment payment of premiums and particularly so since, if such plans are not regulated, the legality of concerted action in this area becomes questionable. In the absence of statutory or voluntary control of credit arrangements, the laws of the market-place should prevail, and in the long run the customer should be able to obtain, within reason, the method of payment which he finds most convenient.

Based Only on Custom

Opponents of installment payment plans have said that it is inconsistent to allow a policyholder the discount for a term policy and then permit him to pay the premium in annual installments. The argument is aimed at the installment payment feature, but is it the extension of credit or the granting of the discount which is unreasonable? If practices in other fields of business are any criterion, an annual payment plan is a conservative method of financing purchases. Consumer credit on much more liberal conditions is part and parcel of standard business practice; the conditions react to the forces of competition and the state of the money market. Term discounts, however, are generally acknowledged to be without any credible foundation other than custom, and far from being the result of competition, have been fixed and unchanged for scores of years through agreement among the companies.

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Perhaps the growth of installment plans will focus attention on term discounts and create an atmosphere in which it will be possible to get something done about them. It may be that the demonstrated preference of policyholders to pay fire insurance premiums annually will provide the stimulus necessary to get something done about the term rule.

Many advantages would accrue to the companies if more business were written on an annual basis, including increased responsiveness of the rate structure and a reduction in the amount of commissions paid before premiums are earned, which would ease the burden of financing premium growth. However, no student of this subject can look forward to the possible discontinuance of term policies without concern over the extra expense which companies and agents will sustain which adhere to standard operating practices and re-write each policy annually.

Agency Cost

The Stott Agency cost analysis has been followed by other studies conducted by state and national agents' associations, largely because of their interest in the expense of handling small premium business. Nobody wants to do business at a loss, and we can expect agents to use the data developed in these studies both for their own guidance and in commission negotiations. This growing awareness of costs makes it likely that agents will be alert to the extra expenses which will result from annual payments or annual terms.

Up to now, installment payment plans have been attractive to agents because of their sales appeal and the competitive advantage which they provide over agents of companies which have declined to adopt the plans. If the use of such plans should become general, or if policies should be written for annual terms only, the competitive advantage would disappear. In this event, the cost question would probably assume far greater importance to the agent than it does today.

It is hardly reasonable to expect that agents will absorb the increased expense, reducing their net earnings, without complaint. The question will be as to the manner of attacking the problem. One way would be for companies, agents and supervisory officials to bend their efforts toward an equitable distribution of the new costs, which would mean that they would in due course be passed on to the policyholder. A better way would be for all parties to explore the methods available for reducing expense.

Agents who want

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Reduced Expenses

The function of fire insurance is to pay losses and provide protection. The losses of the few are spread among the many, augmented by the expense of doing business. When 52½% of the premium dollar goes for expenses and profit (as in the formula used in New York), it seems obvious that we ought to be looking for ways to reduce expenses and not accept extra costs without a vigorous effort to eliminate them.

It was this viewpoint which led the New York Insurance Department to make a study of policywriting practices as a part of its investigation of the term problem. This study embraced the use of renewal certificates, continuous policies, and mechanical policy issuance, as well as English practices.

The reluctance of agents to use renewal certificates has prevented the development of this method of saving labor, time, and money. In the comprehensive analysis of the use of renewal certificates prepared in 1942 by the Business Development Office of the stock fire insurance companies, the following statement appears:

(Continued on the next page)

"The practice of employing renewal certificates might make the renewal of a policy appear to the buyer to be a simpler operation than is actually the case. Many agents have stated that they experience considerable difficulty in justifying their right to continued renewal commissions particularly when there are no changes to be made or particular services to be rendered from one renewal to the next. If an agent occasionally has this difficulty in the case of renewal policies, renewal certificates might make his position still more difficult to defend."

The New York Insurance Department's report points out that in a large stock fire insurance group known as an advocate of renewal certificates only 8% of its agents carry renewal certificates among their supplies, and that renewal certificates were used on only 1% of its total business written. In an analysis of comparative costs, accountants of the New York Department found that it required 12 minutes, 25 seconds to process a complete policy and 3 minutes, 31 seconds to handle a renewal certificate—a saving of 8 minutes, 54 seconds, or 71.6% on each transaction. Almost all of this saving is achieved in policywriting. Since most policywriting is done by agents, it is the agent who would gain the most expense-wise by use of renewal certificates.

As to other methods of handling policywriting, the term study points out that the savings in expense which they provide are usually accompanied by a more direct relationship between the company and the policyholder. This disturbs substantially the present agent-policyholder relationship, and will certainly arouse strong opposition on the part of the agents. Will this situation cause the industry-company, agent and insurance commissioner—to adopt a resigned attitude and decide that nothing can be done but accept the new expense load? Of will we decide to take the progressive course and make a diligent effort to find a satisfactory solution?

Some may argue that it is premature to anticipate a general discontinuance of term policies. There are others, however, who believe that it will never be possible to support a term discount of sufficient size to offer any real inducement to the assured. They reason that at present interest rates the investment of unearned premiums produces little return, and that a term discount based on expense savings alone would be small. Furthermore, they point out that it costs no more to write a large policy than a small one, and that the savings achieved by writing a five-year term policy once in place of five annual policies would be but a tiny fraction of a large fire insurance premium.

By turning this argument around, however, it can be argued with equal logic that expense savings alone on small policies will justify a substantial discount. If this reasoning prevails, it may be that term policies will survive in the small premium field, if not in others. In fact, the business has long granted extended periods of coverage on policies bearing minimum premiums.

Objections to Long Policy Terms

The discounts to be granted directly affect the terms for which policies are written. Nevertheless, the issue is also presented as to whether long policy terms are in themselves unsound. The objections are: (1) they drain surplus through the joint requirements of paying the full acquisition cost at the time the business is written plus establishing a reserve for the unearned portion of the premium; (2) they fix the premium for the span of the contract, while losses or expenses may fluctuate in either direction. Superintendent Dineen has suggested that long policy terms make the fire insurance rate structure unresponsive, add to the difficulty of making rate adjustments effective, and contribute to the "up and down" characteristic of fire insurance loss experience.

Undoubtedly others may argue that, within reasonable limits—sometimes defined by statute, it ought to be the prerogative of management to decide questions such as the length of time for which they are willing to issue a policy, and the size of investment that they are willing to make in the production of business. If we agree that there is substance to this point of view, it still does not answer the challenge to the use of unsupported discounts.

Taking the problem as a whole, it is apparent that nobody has all the answers. The question is whether that justifies us in putting the matter to one side for somebody else to solve. The agent-company-policyholder relationships, plus the competitive considerations involved make the subject one that defies snap judgment. The risk we assume in doing nothing is that it leaves open an area of possible external attack. Unsupported price discounts, particularly where they are the product of action in concert, are a standing invitation to criticism. Self-interest alone should induce us to give the problem the attention that it deserves.

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—*The Employers' Pioneer*

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—*Fireman's Fund Record*

YOUR ADVANTAGE

ONCE an agent has written his first line for a potentially lucrative account, he has a tremendous advantage. First, he has the client's confidence and good-will. Second, he already possesses information which will enable him to solicit additional insurance successfully.

—*W. Gaston Caperton, Jr. in "The Aetna-iser"*

LETTERS CAN SELL

THERE'S nothing more important to your agency than the letters you send out. Did you ever sit back and read one of them with a really cold eye, imagining that you are the stranger to whom this letter is to be sent? Try it sometime. When you wrote it did you have in mind the kind of person your correspondent is likely to be? Did you write with his welfare in mind? Or did you think only of what you have to sell, the money you should make off the deal, or how you would like him to react? Do you think he will finish reading your letter with a warm, friendly feeling toward you? It's all up to you.

—*Fireman's Fund Record*

RECIPE FOR SUCCESS

KNOW your stuff and *see people!* Keep telling your story and the business and commission dollars will take care of themselves.

—*The Employers' Pioneer*

DO YOU HANDICAP YOURSELF?

WHEN you go fishing, do you take a weak line and a cane pole—or the best line, rod and reel you can get? What time of day do you start fishing? If early morning and late evening fishing is the best, do you wait until noon to start, then quit at 4:30? And how about the place you select to do your fishing? Do you take the first stream you come to and fish just anywhere in the water, or do you select both stream and the exact place as carefully as possible?

And how about the bait—do you just take any old bait, or do you find out what the fish are biting on, and take plenty, and a complete variety of the best? A fellow just wouldn't think of handicapping himself with such carelessness if he planned for a good day's fishing, would he? In fact, the comment by his friends and acquaintances wouldn't be very flattering, would it?

But, as we plan and prepare for every day's building of our insurance business, do we set up similar and just as ridiculous handicaps for ourselves?

—National Casualty Agents Record

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THE bonding of private construction work offers a tremendous market to an agent who will prepare the ground work and acquaint prospective owners, architects, lenders and builders with this form of protection.

The Marylander

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Dear Mr. Smith:

If you owed us $100 . . . you would never receive this letter.

For very likely a debt that size would have been on your mind constantly and you would have paid it long since.

I realize our bill is small and in the press of other matters has been overlooked. And if yours were the only small account on our books, I wouldn't be writing you this reminder of it.

But ours is a business of small accounts. When they are not paid promptly, they involve a good deal of clerical expense and paper.

That is why we would appreciate receiving your check in the amount of $3.65 by return mail. Won't you please cooperate?

Very truly yours,
The Mondell Agency

TDM : EK

P. S. If your remittance is already in the mails, please disregard this letter. And thank you very much.

—The Hartford Agent

Enthusiasm—from page 20

room. There was a man speaking and when he finished in a minute or two, another man got up and criticized him. The educational director leaned over and whispered in my ear that this was a public speaking course. I had never heard of a public speaking course before. After the instructor finished giving his criticism to the previous speaker he said, all right, next speaker and he came back, and the educational director introduced me to him. The man's name was Dale Carnegie. He was then just a poorly paid Y.M.C.A. school teacher. He said, "Mr. Bettger, we are more than half way through this course now but we will be opening another course in January and if you want to come around, we would be very glad to enroll you in the course.

"Next Speaker"

I said, no I wanted to join right then. He said that was wonderful and grabbed me by the arm and he acted a little bit too fast for me. He said, "You are the next speaker."

It is probably a good thing he did that because I might have sneaked out of the room if I had not been put on quick.

The class met once a week, and about the third week I was standing up making a talk in front of the crowd and Mr. Carnegie was in the back of the room. He said, "Mr. Bettger, just a minute," and he started to walk up the center aisle. When he got up front he said, "Mr. Bettger, are you interested in what you are saying?"

I said, "Yes, of course, I am."

"Then," he said, "why don't you talk with a little enthusiasm? How in the world do you expect this audience to be interested if you don't put some life and animation into what you say?" Then he stood up there and gave our class a stirring talk on the magic of enthusiasm. He got so excited during the talk he picked up a chair and threw it against the wall and broke off one of its legs.

Before I got to bed that night I sat for an hour thinking. My thoughts went back to my baseball days in Johnstown and New Haven and for the first time it occurred to me that the very fault that had threatened to put me out of baseball was now putting me out of selling. The resolution that I made that night was the turning point in my life, and that resolution was to put the same amount of enthusiasm into selling that I had put into baseball when I went up there and joined the New Haven team.

I will never forget the first call I made the next day. It was on a man by the name of Al Emmons. He is a grains merchant in the Bord's Building in Philadelphia. I do not remember how I got his name, but as I began to turn the knob of his door something stopped me and whispered in my ear. It said, now, now wait a minute. For heavens sakes do not go in there and make a fool out of yourself. This fellow will throw you out. Well, I said, suppose he does throw me out? It cannot hurt me much. So the next thing I knew I was in there sitting in front of this man and in order to arouse myself to act enthusiastic I began to pound my fist. I do not remember exactly what I said to him, but I remember as I talked to him, that every minute I expected him to stop me and say, wait a minute, wait a minute here. What is all this excitement about? Are you going nuts?

I do not believe I acted as enthusiastic as I thought I was acting because he never stopped me. I remember once in a while he would stop and ask me questions. And I remember one stage of the interview he raised himself up more erect in his chair and pulled his heavy tortoise shell glasses down over his nose and looked at me, and his eyes seemed to pop as though he was wondering whether he was seeing things right. Did he throw me out? No, he bought, and that man soon became one of my good friends and best booster and center of influence. From that day on the magic of enthusiasm began to work for me in selling, just as it had worked for me in baseball when I went up there and joined that New Haven team.

More Than Fist Pounding

Now I do not want to give the impression that I think enthusiasm consists only of fist pounding, but if you lack enthusiasm and fist pounding is going to arouse you inside then I am overwhelmingly for fist pounding. I know this. Even today if I lack enthusiasm to do a

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certain kind of a job, or solve some kind of a problem, I know if I begin to act enthusiastic I soon feel enthusiastic. William James of Harvard, the great philosopher and teacher, once conducted an experiment among the Harvard students for many years, and he discovered just the reverse of what most of us think, that emotion comes first and then action. He discovered it is just the opposite. Action comes first and then emotion. Few of us have control over our emotions, but most of us do have control over our actions. So if we want to feel happy we should begin to smile. If we want to be enthusiastic begin to act enthusiastic, even though we do not feel enthusiastic and soon we will begin to feel enthusiastic.

Some readers may be recalling that they have seen many highly successful men who give no outward evidences of being enthusiastic. That is right. However as I have come to know these important and successful men better and more intimately, I have discovered that while outwardly they were able to hide their emotions and their enthusiasm, down deep inside they have a tremendous determination and drive and enthusiasm to do the job that they are doing.

The Biggest Factor

I have seen enthusiasm double and treble the income of dozens of salesmen and I have seen the lack of it cause hundreds of salesmen to fail. I firmly believe that enthusiasm is by far the biggest single factor in successful selling. For example, I know a man who is an authority on insurance. He could easily write a book on the subject, but he cannot make a decent living selling it. Why? Largely because of almost a total lack of enthusiasm.

On the other hand, I know another man by the name of Stanley Gettis. He tells people they can remember his name because it is the first part of Gettysburg. That is a good thing to do. It is important for salesmen, salespeople or anybody to remember the names of the other people, but I have found it important to tell people how to remember your own name.

Walter Chrysler was asked to give the secret of success. He named the different things, such as ability, capacity and energy, but said the real secret is enthusiasm. In fact, more than enthusiasm, excitement. He said he liked to see his men get excited. When they got excited they got customers excited and the company got business.

Rare and Highly Paid

Enthusiasm is by far the highest paid quality on earth. Why? Probably because it is one of the rarest. Yet, it is one of the most contagious. If you are enthusiastic your listeners are very likely to become enthusiastic, but if you lack enthusiasm your sales talk is going to fall just about as dead as last year's turkey. Bruce Barton said, if you can give your son only one gift let it be enthusiasm. Now enthusiasm is not just an outward expression that you use in front of people. It is something which, once you begin to acquire it, works constantly within you. You may be sitting quietly in your home or your office and an idea occurs to you. That idea begins to develop. Finally you become consumed with enthusiasm and nothing can stop you. It will help you overcome fear, become more successful in business, make more money and enjoy a healthier, richer and happier life.

When can you begin? Right now. Just say to yourself, this is one thing I can do. How do you begin? There is just one rule. To become enthusiastic, act enthusiastic. Put that rule into action for thirty days and be prepared to see astonishing results. It may easily revolutionize your entire life. Force yourself to act enthusiastic and you will become enthusiastic.

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★ **AMERICAN GENERAL Insurance Company**
Fire—Auto—Casualty
Fidelity and Surety Bonds

★ **AMERICAN GENERAL Life Insurance Company**
Complete Life Coverage

★ **AMERICAN GENERAL Investment Corporation**
Mortgage Loans—Home and Automobile

★ **EACH A STAR IN ITS FIELD**

We Are Going Places!

A Progressive Mid-Western Casualty Company Writing Full Coverage Automobile, General Casualty and Fidelity and Surety Bonds. Licensed Indiana and Maryland.

Incorporated 1939

Rated "A"

CAPITOL INDEMNITY INSURANCE COMPANY
41 East Washington **Indianapolis, Indiana**

Are You Getting Your Share of these 2-way insurance prospects?

HUNDREDS of thousands of new homes being built from coast-to-coast . . . and each one creates a *double sales opportunity* for you.

One—new homeowners are aware of their need for fire and extended coverage insurance to protect their investment.

Two—sell them full contents insurance. They are conscious of their possessions and receptive to your message. Offer them the use of our household inventory folder.

Look around your own city today at the evidence of new dwelling construction. Ask yourself, *"Am I getting my share of this new business?"*

Demand Increasing for Builders' Risk Insurance

More and more owners, contractors and banks want to know about Builders' Risk policies which protect them against the danger of financial loss by fire during all construction stages.

Keep your eyes on activity by banks, trust companies, construction companies, contractors, materials suppliers and architects . . . for leads on additional opportunities to write this coverage.

Remember, Builders' Risk Insurance gives you the "inside track" for permanent insurance when buildings are completed.

For further information, send for our Builders' Risk folder. No obligation.

F. & G. FIDELITY & GUARANTY INSURANCE CORPORATION

Member: National Board of Fire Underwriters

Affiliated with UNITED STATES FIDELITY AND GUARANTY COMPANY
HOME OFFICES: BALTIMORE 3, MARYLAND

Standard protection

HOME OFFICE AND FIELD APPOINTMENTS

Allstate: *Joseph E. Henry* has been made assistant vice president and resident manager of the Chicago regional office succeeding *Davis W. Ellis*, recently appointed assistant vice president and general sales manager.

* * *

American Insurance Group: A new field office has been established in the Insurance Exchange Building, Des Moines, Iowa, under the supervision of *W. Darby Miller*. State agent *W. Harold Froehner* will handle the eastern Iowa territory and state agent *Lester J. Brown*, who previously supervised Nebraska and western Iowa, will concentrate his efforts in Nebraska only.

Francis P. Kneeland has been appointed special agent for northern Illinois to assist special agent *James A. Brouwer*; and *Bryce W. Woerner* as special agent for west central Illinois to assist special agent *James H. Rupp, Jr.* *Charles P. Kuffel*, formerly connected with a Rockford, Illinois, agency, has been appointed special agent in Kansas.

The Dayton Claim Department, Columbia Building, has been opened under the charge of *Robert J. Thompson*. In addition to handling losses occurring under all forms of Bankers Indemnity Insurance Company policies, the new office will handle all classes of automobile claims arising under policies of The American Insurance Company and The Columbia Fire Insurance Company.

* * *

Atlantic Companies: *James G. Fay*, formerly a fieldman for the Indemnity Insurance Company of N. A., has joined the companies as manager of the burglary and glass department succeeding *Francis K. Peterson*, recently placed in charge of inland marine home office operations.

* * *

Christiania General: *Allen J. Hinkelman*, formerly head of the foreign brokerage department of the Royal-Liverpool Group, has joined this company as assistant secretary.

* * *

Crow Ins. Agency, Lon Worth: *James F. McComb*, CPCU, has joined this Miami, Florida, agency as manager of the casualty, marine and inland marine department.

Despard & Co.: *Frank B. Hall, Jr.*, formerly with Frank B. Hall & Co., has become associated with this New York City firm of general insurance brokers.

* * *

Farmers Mutual Auto of Wis.: *Vernon Hill*, formerly superintendent of rates for the Iowa Insurance Department, has joined this company as district supervisor in Polk and Boone Counties.

* * *

Fidelity & Deposit: *James M. Grant*, an assistant manager of the New York office, has been elected assistant secretary of this company and its affiliate, the American Bonding Company.

* * *

Fireman's Fund Group: Vice president *George Jordon* has been granted an indefinite leave of absence and *Woodward Melone*, formerly assistant marine secretary of the fire and marine companies of the group, advanced to the position of marine secretary.

Arvid E. Sutherlund has been named state agent in the Oregon and southern Washington territory to assume the duties of *Henry E. Stanton*, who has been assigned to the head office as superintendent of the service and improved risk department. *George J. Campbell* has been named state agent in charge of indemnity and automobile operations in Oregon. *Blair White*, field assistant, has been added to the New Mexico service office staff. In the western Pennsylvania territory, *Herbert T. Hecht* and *Carlton Timberman* have succeeded *Edward L. Campbell* and *Edwin A. Wohleber*, respectively, following their resignations as special agents.

Luman E. Williams has been made superintendent of the fidelity and surety division of the western department (Chicago) of the Fireman's Fund Indemnity Company.

Boyd S. Chiles, formerly superintendent of the service and improved risk department of the group, has been placed in charge of the reinsurance activities of the Western National Indemnity Company.

* * *

Frey & Jones: *Edward W. Snell*, who formerly was state agent in western New York for the Pearl-American Group, has joined this Buffalo, New York, firm of adjusters.

General Accident: In the southern California branch office *Boynton B. Tickner* has been promoted to associate branch manager, *David M. McCrone*, formerly in the underwriting department, will devote his efforts to field activities and *Edgar J. Bartlett* has been made a special agent specializing in fire and inland marine business.

* * *

General of America: A new service office has been opened at 112 South Fifth Street, Louisville, Kentucky, in charge of *Justin S. Lencke*, formerly field representative in that state. Mr. Lencke will be assisted by *Harry Garbade*.

* * *

General Reinsurance: *Vincent Mellor* and *Walter Nelson* have been advanced to assistant secretaries.

* * *

Glens Falls Group: *Laurence H. Meek* has been appointed special agent for Tennessee for the Glens Falls and Commerce Insurance Companies.

* * *

Hartford Accident: *Burrell C. Lawton*, formerly manager of the Denver office, has been appointed resident manager of the company's metropolitan department in San Francisco. *George H. Beach*, who has been special agent in Cook County, Illinois, succeeds Mr. Lawton in Denver.

* * *

Hollis, Inc., Thomas J.: This Orlando, Florida, adjusting firm has opened a branch office at Lakeland, Florida, with *Warren O. Tiller* as manager.

* * *

Home Indemnity: *Harry Potter* has been appointed special agent-underwriter for the New Orleans, Louisiana, office.

* * *

Insurance of N. A.: A new service office has been opened at 25 Harrison Avenue, Springfield, Massachusetts, under the management of *James E. Hitchcock*. The new office will be in charge of all fire and automobile business in the entire New England territory.

(Continued on page 103)

INSURANCE GENERAL AGENTS

CALIFORNIA

SPEAR AND COMPANY, INC.
Organized 1921
GENERAL AGENTS
Buffalo Insurance Co.
Ohio Farmers Insurance Co.
Ohio Farmers Indemnity Co.
San Francisco Los Angeles Oakland
California

COLORADO

RITTER GENERAL AGENCY
Gas & Electric Bldg.
DENVER, COLORADO
COLORADO WYOMING NEW MEXICO

FLORIDA

HUNTER LYON, INC.
GENERAL AGENT
901 South Miami Avenue
MIAMI 36
Serving Florida Agents

WALKER & LIPPITT
SUPERVISING GENERAL AGENTS
JACKSONVILLE MIAMI
239 West Adams St First Federal Building

LOUISIANA

R. KIRK MOYER AGENCY, INC.
Managing General Agents
RICHARDS BUILDING
NEW ORLEANS 12, LOUISIANA

MASSACHUSETTS

FAIRFIELD & ELLIS
60 CONGRESS ST. BOSTON, MASS.
70 JOHN ST. NEW YORK CITY
Boston General Agency
Reinsurance Negotiated
Canadian Office
Fairfield, Ellis & Grant, Ltd.
460 St. John St. Montreal, Canada

MONTANA

H. S. DOTSON COMPANY
MONTANA GENERAL AGENTS
Granite Building
Helena, Montana

NEW YORK

HOLT, ELLISON & FROST, INC.
INSURANCE UNDERWRITERS
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WRITING ALL CLASSES OF INSURANCE
LOCAL AND COUNTRY WIDE

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NELSON & STROSS
INSURANCE UNDERWRITERS
Representing Stock and Mutual Companies
FIRE AND CASUALTY
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NEW YORK 17, N. Y.
Lexington 2-9870

NORTH CAROLINA

JAMES O. COBB AND COMPANY
111 CORCORAN STREET
DURHAM, N. CAR.
Virginia — North and South Carolina

OHIO

THE JOHN H. MAHON CO.
FACILITIES FOR PLACING
FINANCIAL RESPONSIBILITY RISKS
TRUCKS—BUSES AND TAXICABS
659 E. BROAD ST. COLUMBUS 15, OHIO

OKLAHOMA

J. R. POLLARD
GENERAL AGENT
First Nat'l Bldg.
Oklahoma City, Okla.
Fire — Marine — Casualty

TEXAS

T. A. MANNING & SONS
Insurance Managers
Established 1904
DALLAS 1, TEXAS

FRANK RIMMER & COMPANY
HOUSTON DALLAS OKLA. CITY
Marine, Fire & Allied Lines
General Agents For
TEXAS, OKLAHOMA, ARKANSAS

JOE W. SUMMERS
GENERAL AGENT
TELEPHONE C. 4-1841
419 E. MARTIN STREET
SAN ANTONIO 5, TEXAS

UTAH

THE KOLOB CORPORATION
General Agents
Utah, Idaho, Montana, Nevada
COMPLETE INSURANCE SERVICE
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Salt Lake City, Utah

WEST VIRGINIA

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For Over 50 Years
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LIMITED
INSURANCE AGENTS
PARIS BLDG.
WINNIPEG, MANITOBA, CANADA

WILLIS, FABER & CO.
of Canada, Limited
INSURANCE BROKERS
Board of Trade Bldg. Montreal
Parent Office
WILLIS, FABER & DUMAS, LTD.
London, England

A. E. WILSON & COMPANY, LIMITED
Lumsden Bldg. Toronto
Insurance Service Throughout Canada

Field Appointments—from page 101

Lumbermens Mutual Casualty: *Earle F. Heffley, Jr.*, of the public relations department has been elected president of the Advertising Executives Club of Chicago for 1950-51.

* * *

Manufacturers Casualty: *Duane A. Polley*, formerly in the Grand Rapids office of the Ohio Casualty Company, has been placed in charge of the Grand Rapids, Michigan, claims office. In addition to claims throughout the state, he will supervise the new subsidiary office just opened in Detroit. *Scott Evans* has been appointed manager of the Harrisburg, Pennsylvania, claim office.

* * *

Markel Service: *Forrest S. Smith* and *Charles R. Ray* have been elected vice presidents of this Richmond, Virginia, motor transport insurance firm. Mr. Smith has been general claims attorney and will be in charge of all claims, while Mr. Ray will continue his work in the fields of safety engineering and public relations.

* * *

McGee & Co., Wm. H.: *Arthur I. Parr* has been elected resident vice president at Baltimore, Maryland.

* * *

Midwestern Insurance: An inland marine department has been opened with vice president *Hardie Miller* in charge. *L. K. Giffin*, formerly of the Southern Marine & Aviation Underwriters of New Orleans, will manage the southern inland marine department.

* * *

National of Hartford Group: *Thomas M. Irvine* has been made special agent in eastern Iowa.

Pan American Casualty: *The Louisiana Bettes Company, Inc.*, of Alexandria has been named general agent in Louisiana for this company which recently was licensed to operate in Louisiana. *C. G. Blakely & Company* of Topeka has been named general agent in Kansas.

* * *

Phoenix-London Group: *James G. Hughes*, who has been assistant manager of the Chicago office, has been appointed state agent for the states of Tennessee and Kentucky succeeding the late *W. R. C. Stewart*.

* * *

Providence Washington: The following four new officers have been elected: *Frederick L. Cote*, assistant treasurer; *Richard A. Lydecker*, *Thomas B. Ogburn, Jr.*, and *Raleigh H. Watson*, assistant secretaries. Mr. Cote has been manager of accounts and statistics, Mr. Lydecker is presently manager of the inland marine department. Mr. Ogburn was formerly manager of the Washington office of the North American Companies and Mr. Watson has been manager of the ocean marine department.

* * *

Royal-Liverpool Group: *William C. Simpson* has been appointed assistant manager of metropolitan (N.Y.) fire and casualty operations. He will supervise all production activities of the group in that territory.

* * *

Security Cos.: *George H. Sterritt* has been made marine special agent and will supervise inland marine writings in the states of Missouri and Arkansas. *Charles R. Peck, Jr.*, formerly with a local agency, has been named state agent for northern Illinois. *Marvin O. Williams* has been appointed special agent for North and South Carolina.

Howard L. Snyder has been named special agent in Louisiana for the Security Insurance Company of New Haven and the Connecticut Indemnity Company.

* * *

Springfield Group: An insurance educational department has been established at the home office with former special agent *Arthur H. Clarke* as director of education. *Harold F. Storey* succeeds Mr. Clarke in the Boston office.

* * *

Standard of Detroit Group: *Dean G. Gross*, recently named field representative at the San Francisco branch, has been assigned to the north coast territory. *Thomas M. Wightman* has joined this group as claim representative at the Little Rock, Arkansas, office. He was formerly with the Commercial Insurance Company of Fort Worth, Texas. *James A. Dever*, superintendent of recording division, has been elected secretary of the Detroit chapter of the National Office Management Association.

Fred A. Manuele and *Harry F. Schenck* have been named safety engineers at the New York branch office. Mr. Manuele was formerly a safety inspector for the Cosmopolitan Mutual Casualty Company and Mr. Schenck a fire engineer for Jamison & Company and the Great American Insurance Company.

To achieve uniformity in the branch office operations of the Standard Accident and the Planet Insurance Companies, the following appointments have been made: At the Detroit branch office—*C. L. Miller* promoted from manager to resident vice president of the Standard and made resident vice president of the Planet; *Albert A. Clark* promoted from manager of the bonding department to resident vice president in charge of bonding for the Standard (he is associate branch manager for the Planet); *Frank W. Locy* promoted from assistant manager of the Standard to manager for both companies.

At the following offices, these officials of the Standard have been given parallel titles with the Planet: Chicago—*J. S. Richardson*, resident vice president, and *Don W. Clapp*, branch manager; New Jersey—*J. M. Durling*, resident vice president, and *D. C. Erwin*, branch manager; Philadelphia—*S. J. Carr*, resident vice president; New York—*G. I. McCredie*, resident vice president, and *W. E. Taeffner*, branch manager.

* * *

Transportation Ins. Agency: New offices for this agency have been established at 249 East Fourth South Street, Salt Lake City, Utah.

* * *

Travelers: In casualty, fidelity and surety lines, *Marvin C. Plock*, who has been assistant manager at Des Moines, has been transferred in the same capacity at Houston.

* * *

United Medical Service: *Alvin G. Brush*, chairman of the board of directors of American Home Products Corporation, *Dr. John J. Honan Keating*, past president of the Medical Society of the County of New York, and *Colonel Harry F. Wanvig*, indemnity representative of the Medical Society of the State of New York, were elected members of the board of directors of this organization—the Blue Shield Plan of New York City.

* * *

Wickenden, Morss & Associates: *Charles P. Markey* has been appointed planning officer and counsel of this national pension consulting firm.

* * *

Wolverine: *Wallace B. Drawert*, who has been branch manager with the U. S. Fidelity & Guaranty Company in Houston, Texas, has joined this company as Indianapolis branch manager. The office has been moved to 700 Kahn Building.

(Continued on the next page)

ASSOCIATION NOTES

American Management Association: *Lyman B. Brainerd*, president of The Hartford Steam Boiler Inspection and Insurance Company, has been elected a director of this association. *Russell B. Gallagher*, manager of the insurance department, Philco Corporation, was re-elected a vice president (insurance division).

* * *

Bond Club of New Orleans: *Walter H. Weil, Jr.*, of Weil & Company has been elected president; *Jackson P. Hawley* of Equitable Securities Corporation, vice president, and *Louis F. Klein* of the Hibernia National Bank, secretary-treasurer.

* * *

Bureau of A. & H. Underwriters: Six new companies have associated themselves with this bureau: Norwich Union Fire Insurance Society, Ltd., The Eagle Fire Company of New York, American Surety Company of New York, New York Casualty Company, American Employers' Insurance Company and American Motorists Insurance Company. Membership is now at an all-time high of 57 companies.

The services of the bureau have been extended to include the field of group disability insurance.

* * *

Chamber of Commerce of the U. S.: The insurance committee for the coming year has been appointed. Chairman is *Frank H. Thomas*, president of the Fire Association of Philadelphia. The following five new members have been added to the committee this year: *Ralph C. Price*, president, Jefferson Standard Life; *Frank P. Samford*, president, Liberty National Life; *Walter L. Hays*, president, American Fire & Casualty; *C. A. Loughin*, vice president and general counsel, Home Insurance, and *Frank A. Roberts*, vice president, Glens Falls Insurance Company.

* * *

Chicago Claim Association: The following officers have been elected for the 1950–51 term: President, *Allen Geffinger*, North American Accident; vice president, *Edwin A. Ruehrdanz*, Retail Credit Company; secretary, *J. Vincent Parker*, United Insurance, and treasurer, *Clyde D. Zimmerman*, Continental Assurance Company.

Columbus (Ohio) Accounting & Stat. Ass'n: The chief accounting executives of the home offices of 18 Columbus Insurance Companies have organized this association. The organization committee and present officers are: Chairman, *Clyde L. Benoy*, Motorists Mutual; *B. J. Mertz*, Buckeye Union Casualty; *R. G. Smith*, Farm Bureau Insurance Companies; *C. W. Grady*, Midland Mutual Life, and *G. L. Reichert*, State Automobile Mutual.

* * *

Factory Insurance Association: *H. E. Adams*, formerly assistant manager and general adjuster of the eastern regional office, has been promoted to general adjuster with over-all policy supervision of nationwide loss activities.

* * *

General Adjustment Bureau: *Arthur L. Marks* of the Reno, Nevada, office, has been promoted to branch manager succeeding *R. W. Ripley*, resigned. *Jack S. Rogers* of the Sacramento, California, branch has been made branch manager of the Redding, California, office succeeding *F. A. Costello*.

* * *

Health & Accident Undrs. Conference: *E. J. Faulkner*, president of Woodmen Accident and Associated Companies of Lincoln, Nebraska, was elected president for the 1950–51 year.

* * *

Ins. Brokers' Ass'n of the Province of Quebec (Canada): At the annual convention held last month the following officers were elected: President, *C. J. Dupuis*; chairman of the board, *Stuart Rolland*, both of Montreal; vice presidents, *W. G. Bacon* and *Maurice Bernardin*, Montreal, *Paul Rémillard*, Quebec, and *Aimé Guertin*, Hull; honorary-treasurer, *Paul Tremblay* and managing director, *J. C. d'Auteuil*, both of Montreal.

* * *

Insurance Department of Conn.: *Gerard T. Wholey*, formerly with the Lester E. Young Agency of Waterbury, has been appointed license and claim examiner. In this newly created position, Mr. Wholey will work principally on the administration of the state's new controlled business law.

* * *

Insurance Society of New York, Inc.: Officers for the next fiscal year are: President, *Richard V. Goodwin*, vice president, Fireman's Fund Indemnity; vice presidents, *Lester D. Egbert*, president, Brown, Crosby & Company, and *James A. McLain*, president, Guardian Life of American; secretary, *Franklin B. Tuttle*, vice president, Atlantic Companies; treasurer, *Archibald J. Smith*, president, Zweig, Smith & Company; counsel, *Francis O. Affeld, Jr.*, Affeld, Sowers &

Herrick, and auditor, *Philip B. Coltiletti*, American Surety Company. These seven directors have been elected for a term of three years: *James A. McLain*, and *Frank A. Christensen*, president America Fore Insurance Group, to succeed *Albert G. Borden* and *Bernard A. Culver*, respectively; and *Vincent Cullen, James M. Haines, Paul J. Kennedy, Edward King* and *Harold V. Smith*, re-elected.

* * *

Midwestern Independent Stat. Service: *Robert W. Griffith*, actuary of the Farm Bureau Mutual Fire and Automobile Insurance Companies, has been elected a vice president.

* * *

National Ass'n of Ins. Brokers, Inc.: Newly elected officers of this association are: President, *George S. Middleton*, Chicago, Illinois; vice presidents, *Nelson J. Birkholm*, San Francisco, California, and *Thomas W. Sweeney*, New York, N. Y.; treasurer, *John O. Cole*, New York, N. Y.; secretary and counsel, *E. W. Sawyer*, New York, N. Y.

* * *

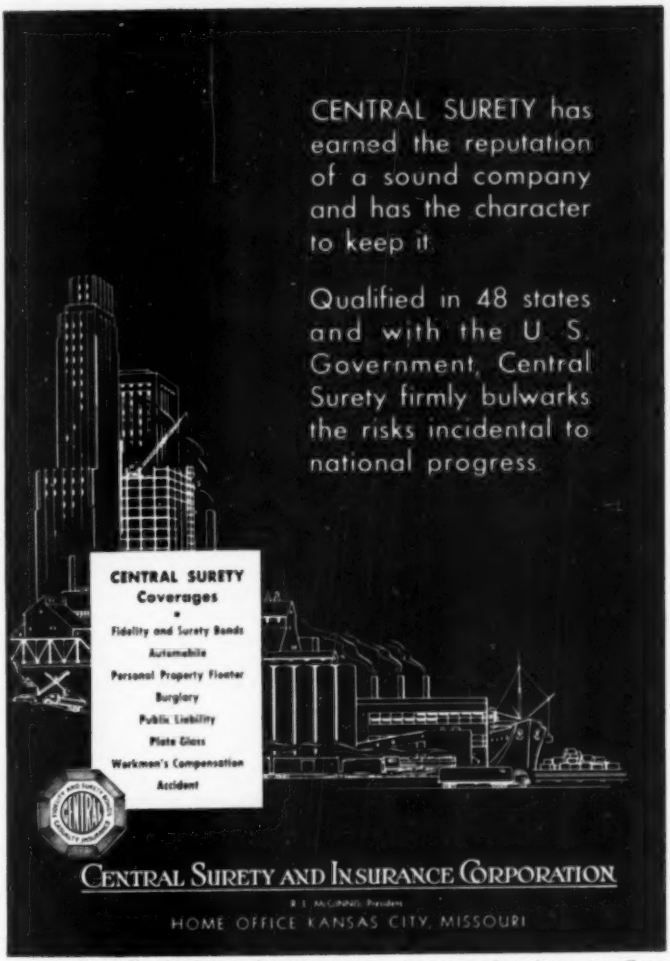
National Ass'n of Ins. Commissioners: At the annual meeting *W. Ellery Allyn* (Conn.) was elected president succeeding *David A. Forbes* of Michigan. Also elected were: *Frank Sullivan* (Kansas), vice president, and *Wade O. Martin, Jr.* (Louisiana), chairman of the executive committee. *George A. Bowles* of Virginia was re-elected secretary-treasurer.

* * *

National Automobile Undrs. Ass'n: At the annual meeting the following officers were re-elected: President, *P. J. Priore*, manager of the Sun Insurance Office, Ltd.; vice president, *F. Elmer Sammons*, president, Hanover Fire; and treasurer, *William B. Rearden*, executive vice president, Loyalty Group. *J. Ross Moore* continues as secretary and manager.

* * *

National Board of Fire Underwriters: *Harold C. Conick*, United States manager of the Royal-Liverpool Group, has been re-elected chairman of the executive committee. Chairmen of the standing committees for 1950–51 have been announced as follows: Actuarial Bureau Committee, *Ivan Escott*, New York; Committee on Adjustments, *Perrin C. Cofhran*, Hartford; Conference Committee with other Insurance Companies, *J. C. Hullett*, Hartford; Committee on Construction of Buildings, *L. J. Tillman*, New York; Committee on Finance, *W. J. Reynolds*, New York; Committee on Fire Prevention and Engineering Standards, *William B. Rearden*, Newark; Committee on Incendiarism and Arson, *E. W. Elwell*, New York; Committee on Laws, *J. Victor Herd*, New York; Committee on Maps, *H. B. Collamore*, Hartford; Committee on Membership, *J. K. Hooker*, Hartford; Committee on Public Relations, *John A. North*, Hartford; Committee on Statistics and Origin of Fires, *George H. Duxbury*, New York; Committee on Uniform Accounting, *Charles W. Makin*, Camden.



Jack G. McKenzie, former insurance commisioner of Arkansas, has been appointed assistant general counsel in San Francisco. He will assist *Frank J. Agnew*, who represents the Board's laws committee in the eight western states. *Hale Watkins*, who has been a special arson investigator in Mississippi, has been transferred to a supervisory position in the arson department in the New York office.

* * *

National Bureau of Casualty Undrs.: The Standard Insurance Company of New York, an affiliate of the Aetna (Fire) Group, has joined this Bureau bringing the membership to 63. The company is qualifying to write casualty insurance under the underwriting powers extended by multiple line legislation.

* * *

South-Eastern Underwriters Ass'n: At the annual meeting, the following officers were re-elected; President, *E. M. Ransom*, manager, southern department, Commercial Union Assurance Group; vice president, *B. C. Vitt*, vice president of the American Insurance Group, and manager, *W. W. Sampson*.

* * *

Surety Association of America: The Transportation Insurance Company, fire member of the Continental Casualty Group, and the Springfield Fire & Marine Insurance Company, have joined this association bringing the membership to 60 companies.

* * *

Ventura (Cal.) County Ass'n of Ins. Agents: The following have been installed as officers of this newly formed association, an affiliate of the California Association of Insurance Agents: President, *Wayne Harvey*, Santa Paula; vice president, *Gordon Lindsay*, Ventura, and secretary, *Charles Wright*, Santa Paula.

PRIZES OFFERED

DURHAM & BATES, General Insurance Agents of Portland, Oregon, are offering prizes totaling $1,000 through the National Fire Protection Association for the best description of methods to provide ventilation to reduce fire and smoke losses from a basement fire in a typical mercantile store. Any individual is eligible to enter the contest except for the judges, NFPA staff members and employees of Durham & Bates.

Prizes will be awarded as follows: First prize, $500; second prize, $250; third prize, $100 and three honorable mention prizes of $50 each.

Free contest information and eligibility rules are available in pamphlet form from the executive office of the National Fire Protection Association, 60 Batterymarch St., Boston 10, Massachusetts. The contest closes November 1, 1950, and winners will be announced at the 55th annual meeting of the NFPA.

PAY OR GO TO JAIL

THE story of the month in insurance concerns a woman in British Columbia and her tangle with compulsory hospitalization insurance. According to the New York Journal of Commerce the Province lost several million dollars last year because of non-payment of premiums. This year penalties were adopted to aid in enforcing the law. A woman who refused to pay was given the choice of a $5 fine or three days in jail. She chose the latter.

TRUCK INSURANCE PICTURE

THE majority of insurance agents are not yet enabled to participate sufficiently in the handling of the insurance requirements of the trucking industry, according to the conclusion reached by the advisory sub-committee of the National Association of Insurance Agents' Long Haul Trucking Research Committee.

Meeting to consider the present underwriting market and servicing facilities available to the trucking industry, the committee also found a continued absence of such facilities geared to meet the requirements of the truckers. It was noted that this condition is particularly true with respect to loss prevention services.

Unsatisfactory Conditions

The conditions surrounding the underwriting market were labeled by the committee as unsatisfactory from the standpoint of agent participation. Members ascertained that the situation relates in particular to the smaller operators who, in the aggregate, comprise the majority of the trucking industry.

Reporting that such loss prevention service as is available is confined largely to the liability and property damage field, Walter Attridge of Boston, Mass., committee chairman, pointed out that even there, it is offered by relatively few of the insurance companies. "There appears to be an utter absence of loss prevention services available for cargo and physical damage lines," he added.

The committee restated its opinion that a practical solution to the problem is to be found in the creation of a self-supporting service organization which will make available to many companies, on a cooperative basis, the necessary loss prevention and claims services. As Mr. Attridge explained, "Such a step would not only be to the best interest of the trucking industry and the insurance companies, but would also enable thousands of independent insurance agents to participate in the sale and servicing of insurance to the truckers."

According to the chairman, the committee has received an indication of interest in the creation of such an organization from a sufficient number of insurance companies to warrant follow-up action by the committee in inviting those companies to meet for the purpose of perfecting the service body. In due course invitations will be extended to all those companies who have indicated their willingness to cooperate. At that meeting the agents' committee will present in detail a suggested plan for such an organization.

POLICY REVISIONS

REVISION of the comprehensive glass policy and a new combination residence policy have been announced by the National Bureau of Casualty Underwriters. The forms became effective June 5, 1950 in all states except Texas, where they go into effect July 15, 1950. The comprehensive glass policy was revised principally to effect language clarification rather than changes of substance. A statewide reduction of 5% in New York represented the only territorial rate change involved in the glass manual reprint. Included in the combination residence policy are the latest standard provisions for comprehensive personal, residence and outside theft and residence glass damage coverages, with only minor editorial changes. The three-year policy rule on the combination residence policy has been amended to provide for the payment of premiums in equal annual installments of 33⅓% each in lieu of the 40%–30%–30% basis previously applying.

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NEW PUBLICATIONS

Fire Protection Through Modern Building Codes by B. L. Wood, consulting engineer of the Committee on Building Codes of the American Iron and Steel Institute—A new and completely revised 1950 edition which contains a compilation of authentic data on the severity of fire hazards in the various classes of occupancy and discusses the protection afforded by types of building construction.

Many of the regulatory principles advocated in the first edition of this book, published in 1944, have been incorporated in building standards and codes. This edition reflects the progress made in modern code practices and brings its recommendations up to date.

"A recent survey shows that nearly half our building codes are more than 15 years old," states the author. "Advances in the technique of building naturally tend to make old requirements and regulations obsolete, and cause them to acquire restrictive meanings not contemplated when they were written. Building codes must be modernized. Only by such procedure can designers and builders take advantage of approved modern methods.

"The value of fire prevention activities is gaining recognition, but improper and unbalanced fire-protection regulations in a building code can nullify the best fire prevention endeavors in a city and severely penalize new building construction, without affording commensurate fire safety.

"The purpose of this book is to assist in the rationalization and the modernization of fire protection regulations. By correlating the pertinent scientific data which have become available in recent years, clearer thinking in the preparation of fire protection regulations for building codes may be stimulated. Only through a clearer perception of the fundamental criteria governing fire hazards and fire safety can greater uniformity of fire protection regulations be achieved in future revisions of building codes throughout the United States."

Part 2 of the book contains a model set of regulations for Building Classification and Fire Protection, on which subject Mr. Wood is a recognized national authority.

300 pages, cloth-bound—Published by the American Iron and Steel Institute, 350 Fifth Avenue, New York 1, N. Y.

Government Insurance in the United States—The extent to which government sponsored insurance programs have encroached on private enterprise is disclosed in this new book published by the Association of Casualty and Surety Companies. Many of the government insurance programs are generally unknown, except to the relatively few people directly affected by them, while others compete directly with private insurance companies.

The new study is the first complete compilation of factual information on the operation and administration of Federal and state insurance. It was carried out and prepared under the direction of Frank Lang, manager of the association's Research Department, and required more than a year of original research.

Covering every type of governmental insurance, from programs limited to government employees to those which affect almost every citizen, the book highlights the fact that government funds often are permitted to operate in disregard of established insurance principles. Government sponsored plans, it states, are not subject to the same regulations that apply to insurance companies, and in many cases some or all of their costs are borne by general or special taxes.

The first part covers such Federal insurance systems as workmen's compensation, retirement and disability insurance for Federal employees, Federal deposit insurance, mortgage and home loan insurance, old age and survivors insurance, crop insurance, railroad retirement and unemployment insurance, United States Government and National Service Life Insurance. The second part is devoted to state insurance and includes chapters on public property insurance, bank and public deposit guaranty funds, public official bonding funds, retirement programs, Torrens Title insurance, hail insurance, life insurance, workmen's compensation, second injury and security funds and cash sickness disability.

The study includes the latest operating and financial statistics for each fund. The number of people covered, the amount or benefits or claims paid, and the income, expenditures and assets are given for each program.

$2.00 per copy—Published by the Association of Casualty and Surety Companies, 60 John Street, New York 7, N. Y.

The 1950 Agent's and Buyer's Guide—This, the third annual edition of this publication contains four new sections, with a novel arrangement which insurance men and buyers of insurance will find useful in discovering insurance needs and prospects and in applying the proper coverages to the insurable hazard and insured.

This arrangement cross-indexes two sections which were in former editions and two new ones. The Definitions of Coverages section, which briefly describes coverage, rating and underwriting attitude for every known type of insurance, identifies each coverage with a key number. A new section, Check List

(Continued on the next page)

of Prospects, indicates, using the same numbers, the general type of business or personal risk to which each coverage is applicable. The Insurance Policy Survey Analyzer section lists the points under each coverage which should be watched for complete protection and this is tied to the other sections.

Finally, a new section, Large Losses of 1949, describes important actual losses of all types suffered or settled during the past year. Each of these losses is identified as to the type of business which suffered it, using the same key as the Check List of Prospects section.

Another new feature is a Directory of Insurance Companies, arranged alphabetically and showing territory, lines written and membership in rating bureaus, company organizations and underwriting groups or syndicates. Developments in multiple line underwriting should make this directory particularly interesting this year. The list of rating organizations in former editions has been enlarged to include company organizations and underwriting groups. Addresses of these organizations are shown and this list is keyed to the Directory of Insurance Companies.

The other two new sections are a summary of multiple line underwriting powers by state and a list of sureties qualified with the federal government and their acceptable amounts.

The other reference sections, all completely revised, include a summary of coverage developments during the past year and a digest of court decisions interpreting insurance contracts during that year, each broken down by coverages. The discussions of non-resident countersignature and commission laws and the status of replacement cost insurance by states have been brought completely up to date.

The Directory of Insurance Buyers, arranged alphabetically by states, cities and firms, lists over 1,000 corporation executives charged with buying insurance. The Directory of Leading Agencies is larger than ever and the list of insurance buyers' organizations rounds out the book.

$5.00 per copy—Published by The National Underwriter Co., 420 East 4th St., Cincinnati 2.

Your Guide to Safety as a Salesman-Driver and A Safety Guide for Hotels—Two in a continuing series of safety pamphlets published by the accident prevention department of the Association of Casualty and Surety Companies.

The first pamphlet has been prepared as a service to business sales management and its personnel and is a constructive guide for creating and sustaining interest in accident prevention. Among the subjects covered are: (1) hazardous situations to be guarded against by the salesman-driver; (2) common causes of accidents in vehicle operation; (3) loading the vehicle; (4) operation of the vehicle; (5) personal safety of the salesman-driver; (6) customer relations; (7) what to do when an accident occurs and (8) reporting the accident.

"A Safety Guide for Hotels" has been republished by the accident pre-

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Comprehensive Facilities

Fire and Allied Lines

vention department of the Association of Casualty and Surety Companies as a service to hotel management and its personnel, and as a constructive guide for creating and sustaining interest in accident prevention.

"A hotel, in order to realize the best results in accident prevention," the introduction to the pamphlet points out, "should conduct a definitely organized accident prevention program. Safety work, if carried on properly, is an exact science and follows well-defined lines of procedure. Causes of accidents may lie in a variety of conditions such as hazardous arrangement of equipment, unguarded conditions or unsafe acts of workers or of the public. Proper evaluation of these and many other factors is important in the selection of remedies."

Copies of these pamphlets are available through member companies of the Association of Casualty and Surety Companies.

Revised Nebraska Workmen's Compensation Law Pamphlet—As a result of important amendments to the workmen's compensation law this pamphlet has been prepared and is now ready for distribution by the Association of Casualty and Surety Companies.

The new edition contains a digest and complete text of the workmen's compensation law, pertinent supplementary laws, including amendments enacted by the 1949 legislative session; and additional annotations of cases decided since publication of the previous edition.

$1.00 per copy—Available from Editor, Law Publications, Association of Casualty and Surety Cos.

A Primer on Adjustments by William C. Moore—a new book on the basic adjusting responsibilities of insurance producers, field men and claim men of adjustment organizations. The book contains complete information on the duties of producer and adjuster in handling losses, what to tell the insured before a loss, what to tell the insured after a loss, what kind of losses may be insured, and special types of losses and what to do about them. It covers automobile, fire, inland marine and casualty loss adjustments.

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"CP"
POLICY
(Comprehensive Personal Liability Including Automobile)

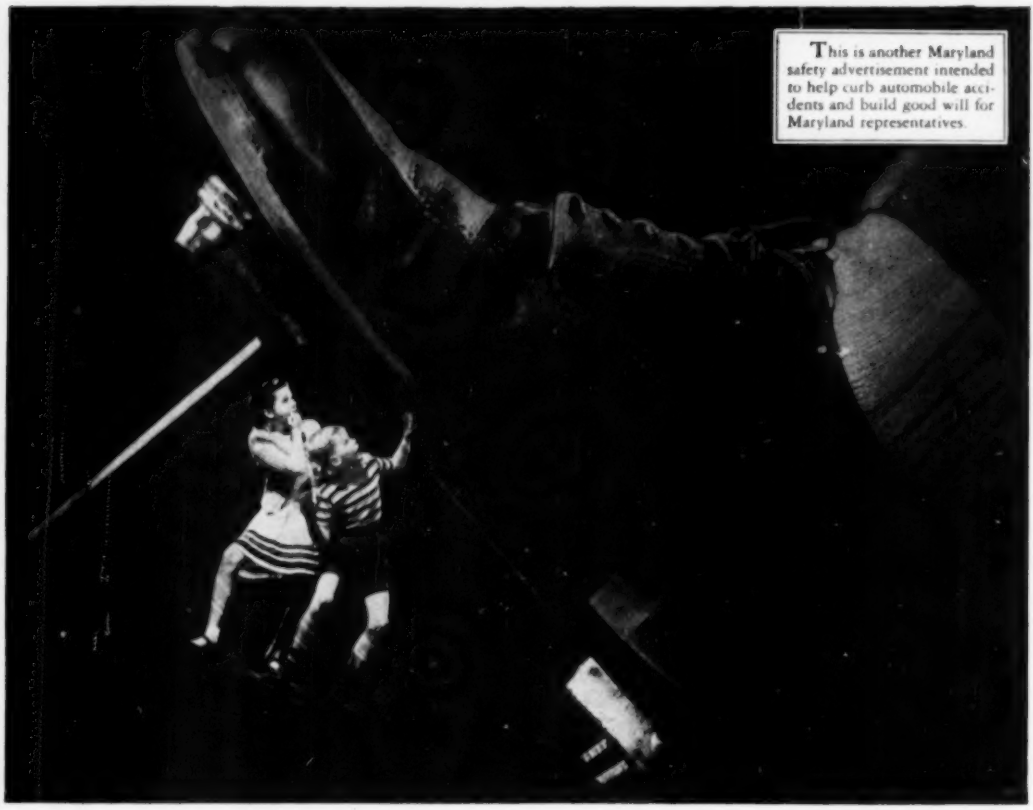
American Casualty Company
READING, PENNSYLVANIA

While the book has been prepared for all insurance men who have anything to do with losses, it will be especially helpful for insurance producers. If a loss occurs the insurance producer is most frequently first upon the scene and affords the first contact between a remote and impersonal insurance company and its anxious insured. This primer is designed to fill a gap for which, so far as known, no previous book has been published. The knowledge it provides can in many instances result in very material savings for insurance carriers and also, because of better loss handling, make for better understanding between the insured, the producer and the company.

The author is especially well qualified since as director of education and research for the General Adjustment Bureau, New York, he has much of the responsibility of training the largest staff of insurance adjusters in the world. He enjoys a very high reputation among the insurance adjusters in the U. S.

112 pages—$1.50 (less in quantities); Published by The Rough Notes Co., Inc., 1142 North Meridian Street, Indianapolis, Indiana.

"*Unforeseen events* . . . need not change and shape the course of man's affairs"



"Easy on the gas, Mister!"

THAT INCH or so between your accelerator and the floorboard may be the life span of a child. Don't shorten it. Go easy on the gas!

Each year more than 3,000 children are killed and 165,000 injured by automobiles. Many of these accidents could be avoided if drivers would only remember that a child's irresponsibility adds to their responsibility.

Do your part. Resolve to drive carefully... alertly...at all times. Be especially careful near playgrounds, and wherever children are apt to be. Obey all traffic signals and road signs. Play safe—and let children play safely. *Remember: the wheel of your car is a wheel of chance. Handle it with care.*

MARYLAND CASUALTY COMPANY

Baltimore 3, Maryland

All forms of Casualty Insurance, Fidelity and Surety Bonds, for business, industry and the home, through 10,000 agents & brokers

Reports on Companies

AETNA (Fire) Group
Hartford, Connecticut

Policy Approved

The Aetna (Fire) Insurance Group's automobile manufacturer's output policy has been approved for use in Minnesota.

EMPLOYERS' Group
Boston, Massachusetts

Boyle Advanced

Frank W. Boyle, who has been with the group since 1927 and vice president of the Employers' Fire Insurance Company since 1948, was recently elected a vice president of the American Employers' Insurance Company and assistant deputy manager of the Employer's Liability Assurance Corporation, Ltd.

FOUNDERS' FIRE & Marine Insurance Company
Los Angeles, California

To Change Name

This company, to reflect its true status as a multiple line carrier, plans to change its name to Founders Insurance Company.

GENERAL Reinsurance Corporation
New York, New York

Stock Purchased

The M. A. Hanna Company of Cleveland has acquired a substantial block of stock, the last of the holdings of the Equity Corporation, in this corporation. Carl N. Osborne, vice president and treasurer of the Hanna Co. has been elected a director of the General Reinsurance. In other executive elections Holly W. Fluty, counsel of General Reinsurance, was elected a vice president, John W. Lamble, vice president of North Star Reinsurance Corporation, fire affiliate of General Re, was promoted to president and made a director.

HANOVER Group
New York, New York

New Vice President

Robert Johnson Larner has been elected vice president in charge of the investment department of the Hanover and Fulton Fire Insurance Companies to fill the vacancy created by the resignation of Adolph O. Infanger. Previously, Mr. Larner had been temporarily in charge of investments.

HAWKEYE-SECURITY Insurance Company
Des Moines, Iowa

Merger Approved

Plans to merge the Hawkeye Casualty Company and the Security Fire Insurance Company, both of Des Moines, to form a multiple line carrier under the title of Hawkeye-Security Insurance Company were approved by the stockholders of both companies late last month. The merger gives the Hawkeye-Security assets of about $7,200,000; and capital and surplus of approximately $1,850,000. Premium volume of the two companies approximated $4,600,000 in 1949. George Olmstead (president of the Security Fire and chairman of the board of the Hawkeye Casualty) and Des Moines associates own control of both companies with Equity Corporation of New York controlling minority interest.

HOME Group
New York, New York

Semi-Annual Dividend—New Directors

A semi-annual dividend of 80c a share has been declared by the Home Insurance Company to be paid August 1 to stockholders of record July 1.

Frederick B. Adams and John Glendening were elected directors of the Home Indemnity Company to finish the unexpired terms of the late Charles G. Meyer and Edwin A. Bayles.

INSURANCE COMPANY of North America Companies, Philadelphia, Pennsylvania

Reinsurance in U. S. A.

Establishment of an American market for reinsurance with capacity to handle the bulk of the business now flowing abroad to non-admitted insurers is advocated by the management of these companies. They have announced their intention to provide catastrophe coverage facilities and have also indicated that provision will be made for offering other coverages equally important in those categories for which there has not in the past been a truly American market.

THE INSURANCE Company of Texas Dallas, Texas

Licensed

This company was licensed May 24, 1950 with capital of $200,000 and surplus of similar amount. Managed by Jack Cage and Company, Dallas, the new company writes fire, full coverage automobile, liability and workmen's compensation insurance in the states of Texas and Louisiana.

Officers are Ben Jack Cage, president; Robert F. Talbott, Lorral W. Kellogg and O. Z. Gulledge, vice presidents and John G. Vaughan, secretary and treasurer. Mr. Cage is also president of the Home Life and Accident Insurance Company, Gulf Adjustment Company and Jack Cage and Company, all of Dallas. He is vice president of American Excess Underwriters, Atlanta, and one of the principal underwriters of Texas Lloyds of Dallas. Mr. Vaughan is attorney-in-fact of Texas Lloyds.

INSURORS INDEMNITY and Insurance Company, Tulsa, Oklahoma

Stock Dividend

The capital of this company was recently increased from $250,000 to $500,000 through the declaration of a 100% stock dividend. Increased capital will enable the company to conduct multiple line underwriting operations in additional states.

LLOYD'S of London London, England

N. Y. Law Applicable

The New York Supreme Court (in General Phoenix Corp. vs Maylon) has held that the state's service of process act is applicable to Underwriters at Lloyd's, London. The New York law is similar to laws passed in fourteen other states to strengthen state supervision of

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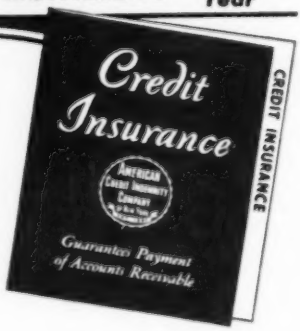
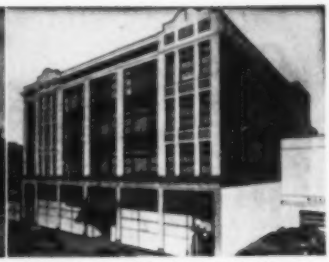
Remember your policyholders look to you for advice. Their coverage is not complete if one of their most important assets—ACCOUNTS RECEIVABLE—is left exposed to crippling credit losses. For your file, phone our office in your city or write AMERICAN CREDIT INDEMNITY COMPANY OF NEW YORK, First National Bank Building, Baltimore 2, Maryland.



GUARANTEES PAYMENT OF ACCOUNTS RECEIVABLE

Home Office:
Bloomington, Illinois

Western Office: Berkeley, California



North Central Office: St. Paul, Minn.

Michigan Office: Marshall, Michigan

West Central Office: Lincoln, Neb.

These strategic locations mean more efficient service for our nearly two million State Farm policyholders

STATE FARM INSURANCE COMPANIES

State Farm Mutual Automobile Insurance Company
State Farm Life Insurance Company
State Farm Fire Insurance Company

mail order insurance companies and to narrow the jurisdiction of the Federal Trade Commission.

The decision arose in connection with a $1,500,000 suit when the plaintiff applied to stay any answer in the action until Lloyd's complied with that portion of the statute which requires an alien or non-admitted insurer to deposit security in an amount sufficient to cover any final judgment. The amount of the bond to be posted has not yet been fixed.

MANUFACTURERS Casualty Insurance Company
MANUFACTURERS Fire Insurance Company
Philadelphia, Pennsylvania

Purchased by Transamerica

Transamerica Corporation has purchased the Manufacturers Casualty and its fire insurance subsidiary from Commercial Credit Company of Baltimore. Manufacturers Casualty (organized in 1915) reported at the end of 1949 assets of $19,000,000, surplus to policyholders of $5,750,000 and annual net premiums of nearly $10,000,000. Its home office will remain in Philadelphia and it will operate as a running mate of Pacific National Fire and Paramount Fire, both Transamerica subsidiaries (the latter acquired in January this year).

John L. Mylod, president of the two fire companies, will become chairman of Manufacturers Casualty. Other members of the fleet are: Occidental Life Insurance Company of California and Premier Insurance Company.

MUTUAL BENEFIT Health & Accident Association
UNITED BENEFIT Life Insurance Company
Omaha, Nebraska

Commissioners Approve Purchase

At the annual convention of the National Association of Insurance Commissioners the way was paved for the acquisition by the Mutual Benefit Health & Accident Association of substantially all of the stock of the United Benefit Life. Approval of the proposed investment was given by a special committee of the NAIC appointed to pass on the equities of the transaction and it was unanimously accepted by the full convention at an open meeting. The stock purchase will become effective when legal formalities are concluded and the price (in the neighborhood of $23,500,000) will be governed by the time of the acquisition of the stock. The purchase of the stock will not affect the operation of the companies

(Continued on the next page)

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AMERICAN

AMERICAN FIRE AND CASUALTY CO.

FIRE AND CASUALTY COMPANY

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EUREKA CASUALTY COMPANY

Established 1915

Specializing in

Service to

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EUREKA

CASUALTY COMPANY

PHILADELPHIA, PENNSYLVANIA

MUTUAL BENEFIT—Continued

which will continue to do business as two separate entities as in the past. Policyholders and agents will not be affected.

New Vice President

Gale E. Davis has been elected a vice president of the Mutual Benefit, with which he has been affiliated since 1932. Mr. Davis was assistant to the vice president of the agency department and also assistant treasurer prior to his promotion. Premium volume, Mutual Benefit reports, was about $28,500,000 for the first four months of 1950, an increase of more than $2,000,000 over the same period of a year ago.

MUTUAL FIRE Insurance Company of Saco, Maine, Saco, Maine

Merged

The Central Manufacturers' Mutual Insurance Company of Van Wert, Ohio, has absorbed by merger this mutual. L. G. Purmort, president of the Central Manufacturers', has been president and general manager of the Saco company since July, 1941 when the latter company was reorganized and a guaranty fund contributed by the Central Manufacturers'.

NATIONAL FARMERS UNION Automobile and Casualty Company, Denver, Colorado

New Title—Broader Charter

This company on June 1, 1950 changed its title to National Farmers Union Property & Casualty Company, broadened its charter and increased its capital. In addition to writing full coverage automobile and owners', landlords' and tenants' liability the company intends to underwrite property, fire and extended coverage insurance as a primary insurer where no sizable Farmers Union now exists and as a re-insurer in the several states where such Farmers Union property insurers are in existence. Capital funds were increased from $250,000 to $400,000 by the purchase of additional stock at par value $1 each by the National Farmers Union Service Corporation.

NORTHERN Insurance Company of New York New York, New York

Proposed Capital Increase

Stockholders have approved an increase in capital from 80,000 to 240,000 shares, par value $12.50. It is proposed that 80,000 of the additional shares be distributed as a stock dividend and the remaining 80,000 offered to stockholders at a price to be determined later. Upon completion of the program, capital will be increased from $1,000,000 to $3,000,000. Underwriters are The First Boston Corporation and Wood, Struthers & Co.

PREFERRED MUTUAL Fire Insurance Company
New Berlin, New York

Auto Dividend Increased

Announcement has been made by this company that effective August 1, 1950 the automobile dividend will be 15%. The former rate was 10%.

REINSURANCE Group
New York, New York

Dividend Declaration—New Director

The Reinsurance Corporation of New York has declared a 15 cent dividend payable July 14 to stockholders of record July 5. William W. Cochran, a vice president of the corporation, was elected a director and also a vice president and director of the affiliated National Reinsurance Corporation.

RHODE ISLAND Insurance Company
Providence, Rhode Island

Asks California Liquidation

Insurance Commissioner Wallace K. Downey has filed a petition in the Superior Court at San Francisco asking that he be appointed liquidator of this company in California. He was appointed conservator of the business of the company in California about one year ago. Hearing on the petition was scheduled for July 6 or on the day this section of BEST'S INSURANCE NEWS was released for press.

SECURITY Insurance Company of New Haven
New Haven, Connecticut

Merges Affiliates

The Connecticut Indemnity Company and The East and West Insurance Company of New Haven, wholly-owned casualty and fire affiliates of the Security Insurance Company of New Haven, merged July 1 with the Connecticut Indemnity as the continuing company. The company will operate as a multiple line writing company in those states in which permissive legislation has been passed and, in the few remaining states, will continue as a casualty insurer only, the fire and marine business of the East and West being assumed by the New Haven Underwriters of the Security. After the merger The Connecticut Indemnity Company had assets in excess of $14,000,000, surplus to policyholders of over $4,500,000, and premium income of more than $7,000,000.

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GREAT SLEEPS IN HISTORY

...was the little girl who slept and dreamed of Wonderland. *Slumberland* is the favorite dream of over a quarter of a million guests who annually rest on those wonderful, cloud-comfortable beds at

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TRAVELERS HEALTH Association
Omaha, Nebraska

State Regulation Strengthened

The United States Supreme Court, in upholding the Virginia Supreme Court decision in the Travelers Health Association case, further strengthened the regulatory powers of the states in dealing with unlicensed insurance carriers doing business within their borders but domiciled elsewhere. The case was first heard last November but was re-argued in April. The company appealed the Virginia decision banning it from soliciting insurance by mail without a permit from the state on the grounds that it constituted infringement by one state of the sovereignty of another. The decision appears in full on page 29 of this issue.

UNITED STATES Mutual Insurance Company
Chicago, Illinois

$401,000 Deficit Charged

The Illinois Insurance Department, seeking the appointment of a receiver for this mutual in Chicago Circuit Court, charged that a deficit in surplus of approximately $401,000 was disclosed by its recently completed special audit. On May 29, after a week's continuance, the hearing was resumed and Walter F. Kelley, attorney for the company, contended that; (1) an independent audit showed the deficit to be $189,000, (2) assets would be higher if uncollected premiums were taken into account, (3) the deficiency would be increased by the continuation of liquidation proceedings and (4) a suit for an accounting and recovery of $217,500 is in process against the former president, Carl A. Barrett, and secretary, Evelyn L. Marks. Assistant Illinois Attorney General, Robert C. Ardley, argued that uncollected premiums should not be considered assets and that another audit would disclose an even larger deficit. Circuit Court Judge C. J. Harrington ordered Master-in-Chancery Harold Sullivan to examine the submitted audits and report his findings.

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For More Than 25 Years
EMPLOYERS INSURANCE CO. of ALA.
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20%
DIVIDENDS TO POLICYHOLDERS ON
WORKMEN'S COMPENSATION
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- Automobile Bodily Injury and Property Damage
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- Owners', Landlords' and Tenants' Bodily Injury and Property Damage
- Elevator Bodily Injury and Property Damage
- Comprehensive Liability
- Plate Glass
- Comprehensive Personal Liability
- Fidelity and Surety Bonds
- Forgery Bonds
- Burglary, Robbery and Theft
- Fire and Allied Lines including Windstorm—(In Alabama only at present).

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ESTABLISHED 1890

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UNITED STATES MANAGER

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111 JOHN STREET, NEW YORK, N. Y.

CONVENTIONS AHEAD

AUGUST

21–22 Wyoming Association of Insurance Agents, annual meeting, Kemmerer.

24–25 Minnesota Association of Insurance Agents, annual meeting, Hotel Nicollet, Minneapolis.

SEPTEMBER

6– 7 Society of Chartered Property & Casualty Underwriters, national convention, Cleveland, Ohio.

8– 9 Maine Association of Insurance Agents, annual meeting, Rangeley Sheraton Hotel, Rangeley.

10–12 Montana Association of Insurance Agents, annual meeting, Northern Hotel, Billings.

10–12 Pennsylvania Association of Insurance Agents, annual meeting, Bedford Springs Hotel, Bedford.

11–12 South Dakota Association of Insurance Agents, annual meeting, Cataract Hotel, Sioux Falls.

11–12 West Virginia Association of Insurance Agents, annual meeting, Greenbrier Hotel, White Sulphur Springs.

13–14 New Hampshire Association of Insurance Agents, annual meeting, Granliden Hotel, Sunapee.

13–15 Washington Association of Insurance Agents, annual meeting, Spokane.

18–20 International Claim Association, annual meeting, Greenbrier Hotel, White Sulphur Springs, West Virginia.

MUTUAL CASUALTY UNDERWRITING—from page 14

loss ratio lower than for the stock carriers. Although group accident and health represents a substantial and nearly equal source of premium volume in both fields, much of it is written by life insurance companies. Nevertheless, the ten point difference in loss ratios on the quarter of a billion business in each field keeps the over-all loss ratios from being even further apart.

Commissions and brokerage average some ten points lower in the mutual field because much of the business is written direct. Other underwriting expenses are about two and one-half points lower in the mutual field due in part to the greater percentage of large policies. On automobile lines, where there are numerous small policies in both fields, the underwriting expenses other than commissions actually run higher than in the stock field.

Complete supporting tables by companies by lines will appear in the 1950 edition of Best's Aggregates and Averages.

REINSURANCE UNDERWRITERS
INCORPORATED
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•
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FIRE

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DUBUQUE IOWA

LIABILITY POLICIES BROADENED

SUBSTANTIVE changes in the rules and classifications of the comprehensive personal and farmers comprehensive personal liability programs were announced by the National Bureau of Casualty Underwriters. The changes, effective June 5, 1950 in all states except Louisiana and Ohio, are summarized as follows: (1) coverage now included without additional charge for two full time resident employees for all insureds for whom employers' liability coverage is afforded under the policy; (2) a manual underwriting program has been developed to cover the insured's legal liability for injury to or destruction of, including the loss of use of, the premises or house furnishings used by, rented to or in care, custody or control of the insured, if such injury or destruction arises out of (a) fire, (b) explosion, or (c) smoke or smudge caused by sudden, unusual and faulty operation of any heating or cooking unit; (3) manual classifications and rates have been established to cover medical payments for injuries to persons on the premises because of a business conducted thereon, or injury caused by an accident arising out of such business. Flat rates charged for coverage (2) above for $10,000 of insurance per occurrence is $5 for any number of residences and $10 for farms and residences. On a $50 deductible basis the corresponding rate is $3 and $6. For each additional $1,000 of insurance the additional premium is $.50 and $1 respectively up to a limit of $50,000. Rates for the medical payments endorsement are $2.50 for $250, 5 for $500 and $7.50 for $1,000 medical.

AUTO RATES SLASHED

SUBSTANTIAL reductions have been announced in the automobile fire, theft and collision rates filed by the National Automobile Underwriters Association in Georgia. The reductions which apply to private passenger vehicles only will save policyholders an estimated $1,500,000 annually. Stated amount policy premiums are reduced about 18% and comprehensive approximately 15%. Collision rates are reduced approximately 10% for cars older than 18 months and for those where there is no operator under 25 (and the car is not used for business).

Florida

Rate reductions which will save Florida auto owners some $2,500,000 have also been announced in Florida on the recommendation of the Association. They will average 18% on fire, theft and comprehensive and 8.3% on collision but do not apply to the highest priced models of automobiles.

Ohio

The Ohio Bureau of Casualty Insurers reduced automobile collision rates 10% effective June 5. The new rates are estimated to represent an annual saving of $1,500,000 for residents of the state.

Nebraska

The insurance department has approved a cut of 10% in private automobile collision rates in Nebraska. The favorable loss experience on the line is given as the reason for the reduction which is immediately effective. Annual saving for policyholders is placed at $250,000.

CHANGES MADE IN INSTALLMENT PLAN

THE North Carolina Fire Insurance Rating Bureau has filed proposed changes in its five-year installment premium payment plan to bring it into conformity with the state law. The changes provide for an initial payment of 108% of the annual premium and four successive annual payments of 78% of the annual premium. It is also provided that the amount of insurance shall not be reduced by the payment of a loss, provided the liability of the company does not exceed the actual cash value of the property at the time of any loss.

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